

AGENCY BUDGETS AND PRIORITIES FOR FISCAL YEAR 2011

(111-93)

HEARING
BEFORE THE
SUBCOMMITTEE ON
WATER RESOURCES AND ENVIRONMENT
OF THE
COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
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U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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March 2, 2010

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SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Water Resources and Environment
FROM: Subcommittee on Water Resources and Environment Staff
SUBJECT: Hearing on "Agency Budgets and Priorities for Fiscal Year 2011"

PURPOSE OF THE HEARING

The Subcommittee on Water Resources and Environment will meet on March 4, 2010, at 10:00 a.m., in room 2167 of the Rayburn House Office Building to review the President's budget request and agency priorities for fiscal year (FY) 2011. The hearing will include testimony from the Environmental Protection Agency (EPA), and the U.S. Army Corps of Engineers (Corps). The U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS), the National Oceanic and Atmospheric Administration (NOAA), the Saint Lawrence Seaway Development Corporation (SLSDC), the Tennessee Valley Authority (TVA), the U.S. Sector of the International Boundary and Water Commission (USIBWC), and the Agency for Toxic Substances and Disease Registry (ATSDR) at the Centers for Disease Control and Prevention will submit written testimony only.

ENVIRONMENTAL PROTECTION AGENCY

The administration's FY 2011 budget request for the EPA totals \$10.0 billion, including \$4.8 billion for State and Tribal Assistance Grants, \$2.9 billion for Environmental Programs and Management, and \$1.3 billion for the Hazardous Substance Superfund program. The FY 2011 budget request is slightly less than the FY 2010 enacted budget for the EPA.

Summary of FY 2011 Budget Request:

(in millions)

Program	FY2010 Enacted	FY2011 President's Budget	Diff. of FY2011 Pres. Budget and FY2010 Enacted	
			\$	%
Science and Technology	846.0	846.7	0.7	0.1%
Environmental Programs and Management	2,993.8	2,891.0	-102.8	-3.4%
State and Tribal Assistance Grants ¹	4,970.2	4,781.9	-188.3	-3.8%
Clean Water SRF (<i>non-add</i>)	2,100.0	2,000.0	-100.0	-4.8%
Drinking Water SRF (<i>non-add</i>)	1,387.0	1,287.0	-100.0	-7.2%
Hazardous Substance Superfund	1,306.5	1,293.1	-13.4	-1.0%
Other	213.3	217.3	4.0	1.9%
Total	10,329.9	10,030.0	-299.9	-2.9%

Clean Water

EPA's water programs are designed to provide improvements in the quality of surface waters and drinking water. The Committee on Transportation and Infrastructure has jurisdiction over programs aimed at protecting the nation's water quality. EPA, through its own programs and in combination with States and tribes, seeks to improve water quality in rivers, lakes, and coastal waters through investment in wastewater infrastructure, water quality standards, permitting programs, water quality monitoring, and research, among other activities. EPA's Office of Water operates EPA's water quality protection programs.

Clean Water State Revolving Fund: The FY 2011 budget request provides \$2.0 billion for the Clean Water State Revolving Fund (Clean Water SRF). This request continues an increased Federal commitment to addressing the nation's wastewater infrastructure needs. The Clean Water SRF is the primary Federal vehicle for funding wastewater infrastructure programs throughout the nation. Clean Water SRF funds are used for capitalization grants for State Clean Water programs and infrastructure.

Other Wastewater Infrastructure Funding: The FY 2010 appropriations contained funding for 333 targeted drinking water and wastewater infrastructure projects, totaling \$156.8 million. The FY 2011 budget request contains no funding for targeted infrastructure grants.

The FY 2011 budget requests \$10 million for water infrastructure along the U.S.-Mexico border. This request is a \$7 million reduction from the FY 2010 appropriation for this program.

¹ The total for the State and Tribal Assistance Grants program does not equal the Clean Water SRF and the Drinking Water State Revolving Fund. There are additional line items in the Grants portion of the EPA budget.

The FY 2011 request for water infrastructure assistance for Alaska Native Villages is \$10 million, a reduction of \$3 million from the FY 2010 appropriation for this program.

Nonpoint Source Water Pollution: The FY 2011 budget request provides \$200.9 million for Clean Water Act Section 319 Nonpoint Source Grants. This request is consistent with the FY 2010 appropriation for this program. Grants under section 319 of the Clean Water Act are provided to states, territories, and tribes to help with implementation of EPA-approved nonpoint source management programs.

Regional Programs: EPA's regional programs provide an opportunity to target regionally specific environmental problems and to work closely with State and local partners. The FY 2011 budget request provides \$63.0 million for the Chesapeake Bay program – an increase of \$13.0 million over the FY 2010 appropriation. The budget request for the Gulf of Mexico program is \$4.5 million – a decrease of \$1.5 million from the FY 2010 appropriation. The budget request for the Long Island Sound program is \$3.0 million, which is \$4 million less than the FY 2010 appropriation for this program. Funding for the San Francisco Bay program² in the FY 2011 budget request is \$5 million, which is \$2 million less than the FY 2010 appropriations for this program. Funding for the Puget Sound program in the FY 2011 budget is \$20 million, which is \$30 million less than the FY 2010 appropriations for this program. The budget request includes a new line item for the Mississippi River Basin, for which \$16.8 million is requested. The funding will be utilized for the Mississippi River Basin initiative and focus on nonpoint source program enhancements aimed at water-quality improvement throughout the watershed and Gulf of Mexico. Funding for the Lake Champlain program in the FY 2011 budget request is \$1.4 million, which is a decrease from the \$4.0 million appropriated in FY 2010.

2011 Great Lakes Restoration Initiative: In the FY 2011 budget request, the administration proposes \$300 million to continue funding the Great Lakes Restoration Initiative created in the FY 2010 budget. Through this Initiative, EPA, in partnership with Federal departments and agency organizations, including the Corps, the Department of Agriculture, and the Department of Transportation (DOT), will lead the development and implementation of programs and projects that target “the most significant problems in the Great Lakes ecosystem and ... demonstrate measurable results.” The initiative will target the most significant problems in the region, including invasive aquatic species, non-point source pollution, and contaminated sediment. This initiative includes programs funded under specific line-items in previous years' budgets, including the Great Lakes Legacy Act (P.L. 107-303), and funding for the Great Lakes National Program Office. According to EPA staff, the budget request for the Great Lakes Legacy Act (contained as part of the Initiative) is \$65 million, which is consistent with the FY 2010 request for this program. The budget proposal includes legislative authority for the Great Lakes Restoration Initiative to transfer funding among the Federal departments and agency organizations, as well as authority for the Administrator to make grants to “governmental entities, nonprofit organizations, institutions, and individuals for planning, research, monitoring, outreach, and implementation” in furtherance of the initiative.

The administration is requesting \$27.2 million for the National Estuaries Program in its FY 2011 budget request. This is a \$5.3 million decrease from the FY 2010 appropriation for this

² The San Francisco Bay program and the Puget Sound program are not free-standing program offices with the EPA, but are part of the larger National Estuaries Program (Section 320 of the Clean Water Act (P.L. 92-500))

program. The National Estuary Program consists of 28 individual estuary programs located across the country and is focused on environmental restoration of these estuaries based on approved estuary management plans.

Other Water Programs: The FY 2011 budget request for EPA's Clean Water Act Section 106 Water Pollution Control grant program is \$274.3 million – an increase of \$45 million over the FY 2010 appropriation for this program. The request for the Tribal General Assistance Program (GAP) grants is \$71.4 million (an increase of \$8.5 million), and the requests for Wetlands Program Development grants (\$17.2 million) and Beaches Protection program grants (\$9.9 million) are consistent with the FY 2010 appropriations.

Superfund and Brownfields

Superfund Program: The Comprehensive Environmental Response, Compensation, and Liability Act established the Superfund program in 1980. Superfund is the Federal Government's program to clean up the nation's uncontrolled and/or abandoned hazardous waste sites. EPA addresses the highest priority sites by listing them on the Superfund National Priorities List (NPL). EPA's Office of Solid Waste and Emergency Response (OSWER) runs the Superfund program.

The administration's FY 2011 budget request for Superfund totals \$1.29 billion. This amount is a slight decrease of \$13.4 million from the FY 2010 appropriation for this program. Of this amount, \$202.8 million is for Superfund removal actions, \$605.4 million is for Superfund remedial actions, \$31.5 million is for response activities at Federal facilities, and \$198.9 million is for Superfund enforcement activities (\$188.0 million at non-federal facility sites, and \$10.9 million at Federal facility sites).

The administration's stated FY 2011 priorities for the Superfund program are to continue listing and remediation at the most highly contaminated hazardous waste sites; and to complete remedy construction at 25 non-federal facility Superfund sites, and two Federal facility sites, for a FY 2011 total construction goal of 27.

The administration's FY 2011 budget request proposes to reinstate, beginning in FY 2011, the taxes on petroleum, chemical feed stocks, and corporate income that traditionally funded a significant portion of hazardous waste cleanups under the Superfund program.³ The EPA currently spends approximately \$1.3 billion annually to investigate and remediate the nation's hazardous waste sites under the Superfund program. The majority of current spending for the Superfund program is from the General Fund (or \$1.14 billion out of a \$1.3 billion program for FY 2011). The balance of the Superfund program, or \$154 million for FY 2011, is derived from cleanup cost recoveries, interest or profits from investment of the Superfund trust fund, or fines and penalties.

When the Superfund program was enacted in 1980, a significant portion of the cleanup funds were generated from taxes on petroleum, chemical feed stocks and, later, corporate income. These taxes capitalized the Superfund trust fund at an average of \$1.45 billion in revenue annually and accounted for approximately 65 percent of annual expenditures for the Superfund program. The additional 35 percent of expenditures were derived from annual trust fund balance carry-overs, cleanup cost recoveries, interest or profits from investments, and fines and penalties. The authority

³ Additional cleanup activities are funded by responsible parties and cost recoveries.

for these Superfund taxes expired in 1995. The administration is proposing to reinstate the Superfund taxes to fund future cleanup efforts in an effort to reduce General Fund expenditures.

Brownfields Program: Brownfields consist of property for which the expansion, redevelopment, or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. These sites can consist, for example, of former industrial properties, gas stations, or dry cleaners. Estimates of the number of brownfields sites, nationally, range from 450,000 to one million. EPA established the Brownfields Initiative in 1995 to better enable the Federal Government, States, and communities to work together to address, cleanup, and reuse brownfields sites. The Small Business Liability Relief and Brownfields Revitalization Act authorized increased funding for EPA to award brownfields assessment, cleanup, and revolving loan fund grants, as well as provided limited Superfund liability protections for certain innocent landowners and bona fide prospective purchasers. EPA's OSWER manages the Brownfields program.

The administration's FY 2011 budget request for the Brownfields program totals \$215.1 million. This is an increase of \$40.4 million over the FY 2010 appropriation. Of this number, the administration's budget requests \$138.3 million for brownfields site assessment and cleanup grants (\$200 million authorized), \$49.5 million for State voluntary cleanup programs (\$50 million authorized), and \$27.4 million for EPA's administration of the brownfields program.

NATURAL RESOURCES CONSERVATION SERVICE

Summary of FY 2011 Budget Request:

(in millions)

Program	FY2010 Enacted	FY2011 President's Budget	Diff. of FY2011 Pres. Budget and FY2010 Enacted	
			\$	%
Watershed and Flood Prevention Operations	30.0	0.0	-30.0	-100.0%
Watershed Rehabilitation Program	40.2	40.5	0.3	0.8%
Total	70.2	40.5	-29.7	-42.3%

The NRCS small watershed protection program has faced declining requests in recent budgets, despite its role in protecting and restoring watersheds damaged by erosion, flood water, and other natural occurrences.

The administration's budget request for NRCS eliminates funding for the Watershed and Flood Prevention Operations program, and provides a slight increase in funding (\$0.3 million) for the Watershed Rehabilitation Program from the FY 2010 appropriation. According to NRCS, with no funding for Watershed and Flood Prevention Operations for FY 2011, 36 projects across the country would be terminated.

Watershed Surveys and Planning: The watershed surveys and planning account funds the studies needed to carry out the small watershed program. The administration's budget requests no money for the Watershed Surveys and Planning Program (studies), and no funds were appropriated for this program in FY 2010.

Small Watershed Program: Under authority of the small watershed program, authorized in the Watershed Protection and Flood Prevention Act of 1954 (P.L. 83-566) and the Flood Control Act of 1944 (P.L. 78-534), NRCS provides technical and financial assistance to local organizations to install measures for watershed protection, flood prevention, agricultural water management, recreation, and fish and wildlife enhancement. Depending on its size and cost, a project may be carried out administratively or with Congressional approval by the House Committee on Agriculture (projects with a structure up to 4,000 acre feet of storage capacity) or the House Committee on Transportation and Infrastructure (projects with a structure over 4,000 acre feet of storage capacity) and comparable Senate committees. There are more than 11,000 such structures under the NRCS authority nationwide

Watershed and Flood Prevention Operations: The Watershed and Flood Prevention Operations account funds both the Small Watershed Program, discussed above, and the Emergency Watershed Protection Program, which provides assistance to State and local governments after a flood or other emergency has taken place. The administration's budget requests no money for this account. The FY 2010 appropriation for the watershed and flood prevention operations account was \$30.0 million.

Watershed Rehabilitation Program: In 2000, Congress amended the Watershed Protection and Flood Prevention Act to allow NRCS to provide assistance to rehabilitate flood protection dams that had been built with assistance provided under that Act and have now reached the end of their useful lives, creating threats to property and lives in the Small Watershed Rehabilitation Amendments of 2000 (P.L. 106-472). The administration's FY 2011 budget request for the watershed rehabilitation program is \$40.5 million, which is an increase from the FY 2010 appropriation of \$40.2 million for this program.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATIONSummary of FY 2011 Budget Request:

(in millions)

Program	FY2010 Enacted	FY2011 President's Budget	Diff. of FY2011 Pres. Budget and FY2010 Enacted	
			\$	%
National Ocean Service	578.7	550.6	-28.1	-4.9%
Coastal Non-point Program (§ 6217 CZARA)	0.0	0.0	0	0%
Office of Oceanic and Atmospheric Research	449.1	464.9	15.8	3.5%
Total⁴	\$4,784.4	\$5,554.5	\$770.1	16.1%

The Subcommittee has jurisdiction over various NOAA programs and activities, including responsibilities under the Clean Water Act, the Coastal Zone Act Reauthorization Amendments (P.L. 101-508), the Marine Protection, Research and Sanctuaries Act (P.L. 100-688), Superfund (P.L. 99-499), the Oil Pollution Act (P.L. 101-380), the Nonindigenous Aquatic Nuisance Prevention and Control Act (P.L. 104-332), the Harmful Algal Bloom and Hypoxia Research and Control Act (P.L. 105-383), and the Estuary Habitat Restoration and Partnership Act of 2000 (P.L. 105-457). Issues involving the National Ocean Service, such as coastal water pollution and natural resource damages, are of particular interest.

The President's budget requests \$550.6 million for the National Ocean Service for FY 2011, \$28.1 million less than the FY 2010 enacted level of \$578.7 million. Of that amount, no funding is requested for implementation of coastal nonpoint pollution programs under section 6217 of the Coastal Zone Act Reauthorization Amendments, and for which no appropriations were made in FY 2010; \$19.5 million is requested to fund natural resource trustee and other activities under Superfund and the Oil Pollution Act – a decrease from the enacted level of \$20.1 million in FY 2010; and \$37.0 for the National Centers for Coastal Ocean Science, which will fund activities under the Harmful Algal Bloom and Hypoxia Research and Control Act – including an increase from \$11.2 million (FY 2010) to \$11.9 million in the FY 2011 budget request for harmful algal bloom research.

The President's budget request also includes \$1.0 million for the Office of Oceanic and Atmospheric Research for activities under its Aquatic Invasive Species Program, including activities under the National Invasive Species Act of 1996 (P.L. 104-332). The FY 2010 enacted level was \$2.0 million. This funding is for the purpose of addressing the proliferation of exotic species in marine environments in the North Pacific, funding ballast water demonstration projects, and for invasive species prevention and control.

⁴ Table does not highlight accounts outside the jurisdiction of the Committee on Transportation and Infrastructure

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Summary of FY 2011 Budget Request:

(in millions)

Program	FY2010 Enacted	FY2011 President's Budget	Diff. of FY2011 Pres. Budget and FY2010 Enacted	
			\$	%
Operation & Maintenance	32.3	32.3	0.0	0.0%
Total	32.3	32.3	0.0	0.0%

The St. Lawrence Seaway is a 328 nautical-mile deep-draft waterway between the Port of Montreal and Lake Erie. It connects the Great Lakes with the Atlantic Ocean via the lower St. Lawrence River. The Seaway includes a network of 15 locks and connecting channels located in Canada and the United States. Thirteen of the locks belong to Canada and the remaining two locks, located in Massena, New York, belong to the United States.

The U.S. portion of the Seaway was authorized in 1954, and is operated by the SLSDC, an agency within the DOT. The Canadian portion of the Seaway is operated by the St. Lawrence Seaway Management Corporation, a private corporation established in the 1990s and owned by the nine largest Canadian users of the Seaway.

The St. Lawrence Seaway was opened to traffic in April 1959. It experienced rapid growth in vessel and cargo traffic during its early years, but those trends went into decline in the late 1970s. However, since 1993, cargo traffic volume has shown signs of increasing. The mix of cargoes, however, has changed from one that was diverse during the Seaway's infancy to the current one that is composed largely of lower-value bulk commodities, such as iron ore, coal, and building materials.

Until 1994, tolls were collected for the use of Seaway facilities by U.S. and Canadian Seaway agencies. However, from April 1987 until October 1994, U.S. tolls were rebated under the authority of the Water Resources Development Act of 1986 (P.L. 99-662) (WRDA of 1986). Tolls collected by the United States were abolished altogether effective October 1994; however, the Canadian government continues to collect a toll for its portion of the Seaway. Since the WRDA of 1986, U.S. costs for Seaway operation and upkeep have been funded by annual appropriations out of the Harbor Maintenance Trust Fund.

The President's budget request for FY 2011 proposes \$32.3 million for operations and maintenance of the Seaway, which is consistent with the FY 2010 appropriation for these activities. This funding would be for the daily operation and maintenance of the Seaway, as well as Year Three projects of the Seaway's ten-year capital asset renewal program, authorized in the Water Resources Development Act of 2007 (P.L. 110-114). The SLSDC spending plan includes \$17.5 million for agency operations and \$15.7 million for the Asset Renewal Program (ARP).

The \$15.7 million will fund an estimated 20 ARP projects, 15 of which are multi-year projects. Major ARP projects scheduled for funding in FY 2011 include hydraulic upgrades at the

Seaway locks, rehabilitation of the downstream miter gate at Eisenhower Lock and the completion of a three-year structural rehabilitation project at the Seaway International Bridge.

Operation, maintenance, and capital asset renewal needs for the U.S. portion of the St. Lawrence Seaway are derived from appropriations from the Harbor Maintenance Trust Fund, and revenues from other non-federal sources.

TENNESSEE VALLEY AUTHORITY

Summary of FY 2011 Budget Request:

TVA is the nation's largest wholesale power producer and the fifth largest electric utility. TVA supplies power to nearly eight million people over an 80,000 square mile service area covering the State of Tennessee, and parts of Mississippi, Alabama, Georgia, North Carolina, Virginia, and Kentucky. In addition, TVA's non-power program responsibilities include the multi-purpose management of land and water resources throughout the Tennessee Valley.

Since FY 2001, the entirety of TVA's power and non-power programs has been funded through its power revenues. TVA receives no appropriated funds. TVA's expected power revenues for FY 2011 are \$12.3 billion and its operating expenses are expected to be approximately \$10.3 billion. This compares to FY 2010 expected revenues of \$11.0 billion and expenses of \$9.0 billion.

The outstanding balance of TVA's bonds, notes, and other evidences of indebtedness is limited by statute and cannot exceed \$30 billion. The FY 2011 budget assumes TVA will increase its debt and debt-like obligations by \$533 million in 2011 primarily from new capital spending for the Watts Bar Unit 2 project (\$635 million), capacity expansion (\$916 million), and the Kingston Ash Spill Recovery (unknown at this point). TVA's outstanding debt and debt-like obligations were \$25.2 billion at the beginning of 2010 and are estimated to increase to \$26.6 billion by the end of 2011.

ARMY CORPS OF ENGINEERS

The Corps provides water resources development projects for the nation, usually through cost-shared partnerships with non-federal sponsors. Activities include navigation, flood control, shoreline protection, hydropower, dam safety, water supply, recreation, environmental restoration and protection, and disaster response and recovery.

XV

Summary of FY 2011 Budget Request:

(in millions)

Program	FY2010 Enacted	FY2011 President's Budget	Diff. of FY2011 Pres. Budget and FY2010 Enacted	
			\$	%
Investigations	160.0	104.0	-56.0	-35.0%
Construction	2,031.0	1,690.0	-341.0	-16.8%
Operation & Maintenance	2,400.0	2,361.0	-39.0	-1.6%
Regulatory Program	190.0	193.0	3.0	1.6%
General Expenses	185.0	185.0	0.0	0.0%
Office of Ass't. Sec. of Army (CW)	5.0	6.0	1.0	20.0%
Mississippi River and Tributaries	340.0	240.0	-100.0	-29.4%
FUSRAP (hazardous site cleanup)	134.0	130.0	-4.0	-3.0%
Flood Control & Coastal Emergencies (FCCE)	0.0	30.0	30.0	n/a
Total	5,445.0	4,939.0	-506.0	-9.3%

The water infrastructure projects and programs of the Corps support vital economic and environmental needs of this nation. These projects provide for continued economic growth, job creation, and economic stability while protecting human lives and property, ensuring reliable waterborne transportation of goods, and restoring valuable natural resources.

The administration's FY 2011 request for the Corps of \$4.9 billion represents a reduction of \$506 million from the FY 2010 appropriations for the agency. These cuts will negatively impact the agency's ability to study, design, and construct necessary new water infrastructure projects, as well as maintain its existing infrastructure.

Investigations: The administration's FY 2011 budget request proposes to reduce the investigations account to \$104.0 million, a decline of \$56.0 million from the FY 2010 appropriation for this account.

The investigations account is used to fund the study of potential projects related to river and harbor navigation, flood control, shore protection, environmental restoration, and related purposes. This account also funds the restudy of authorized projects, miscellaneous investigations, and plans and specifications of projects prior to construction.

The administration's FY 2011 budget request continues to underfund the Corps' capability to undertake future water resources projects, by including little funding for projects that have completed the feasibility study phase and are ready for preconstruction, engineering, and design.

This would continue the practice of forcing projects to abruptly start and stop, dependent on appropriations, preventing seamless funding of projects that promotes timely completion of projects. If enacted at the levels proposed, the FY 2011 investigations budget could have a negative effect on staffing levels of Corps district offices because the salaries of Corps employees are paid from project funds and, in part, from funds for project studies. In addition, the need for new projects is increasing and it is critical to maintain and enhance the capability of the Corps planning mission.

Construction: The administration's FY 2011 budget request for the construction account of \$1.7 billion represents a reduction of \$341.0 million from the FY 2010 appropriation for this account. These funds are used for the construction of river and harbor, flood control, shore protection, environmental restoration, and related projects specifically authorized or made available for selection by law.

The administration has assembled its budget based on "performance-based guidelines," which the administration believes will "improve the overall performance of the construction program by directing funds to high-performing ongoing projects and high-performing new construction starts," focusing on investments on the three main mission areas of the Corps – commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. Typically, more than 240 projects are in some state of construction in any given FY. The FY 2011 budget request contains funding for only 95 construction projects. Under the administration's budget proposal, six projects should be completed in FY 2011.

The administration's FY 2011 budget request for the construction account includes new starts: Louisiana Coastal Area Program and Onion Creek, Lower Colorado River Basin, Texas. These projects were authorized in the Water Resources Development Act of 2007.

Operations and Maintenance: The administration's FY 2011 budget proposes to decrease funding in the Operations and Maintenance (O&M) account by \$39.0 million from the FY 2010 appropriation for this account. These funds are necessary for the preservation, operation, maintenance, and care of existing river and harbor, flood damage reduction, environmental restoration, and related projects. The cuts will negatively impact the operations and maintenance needs of our nation's vast water resources infrastructure.

The administration's FY 2011 budget request for the O&M account is based on six objective performance criteria that "consider both the condition of the project and the potential consequences for project performance if the O&M activity is not undertaken." The criteria are:

- Cost effective measures to increase or maintain asset availability;
- Cost effective measures to maintain or increase asset reliability;
- High economic return for the nation;
- Provide an acceptable level of public safety and health;
- Cost effective measures to address a significant environmental concern; and
- Legal requirements.

The administration's budget request includes \$5.0 million from the O&M account for the "Response to Climate Change at Corps Projects," which is described as a broad assessment of "how

and where climate change may affect the management of Civil Works projects to identify options such as changes in operation or other modifications in response to climate change.” According to the Corps, the budget request includes an additional \$10 million for a related item, Global Change and Sustainability.

Recreation: The Corps is the largest Federal provider of outdoor recreation services. It manages 4,641 recreation areas at 422 Corps’ sites in 43 states. Many of the Corps’ facilities were built 30-40 years ago, and were designed to meet the recreation needs of the public at that time. Today, Corps facilities serve millions of people per year. The administration is proposing to spend \$302.7 million on recreation activities in FY 2011, funded through both the operation and maintenance account and the Mississippi River and Tributaries account.

Water Trust Funds: The Harbor Maintenance Trust Fund is supported by an *ad valorem* tax paid by the shippers (not including exporters) of cargo loaded or unloaded at a U.S. port. The funds are used to do maintenance dredging of harbors and to provide for disposal facilities for dredged material. The budget would use \$762 million from the Harbor Maintenance Trust Fund resulting in an increase in the balance of the trust fund to \$6.26 billion at the end of FY 2011. The balance in the Harbor Maintenance Trust Fund has been growing significantly in recent years.

The Inland Waterways Trust Fund is supported by a 20-cent per gallon tax on commercial fuel used on specified inland waterways. The fund is used to pay for half of the Federal cost of constructing navigation improvements on those waterways; the remaining half is paid from general revenues. In recent years, the Corps has been steadily spending down the Inland Waterways Trust Fund. The administration’s budget request notes that the administration will propose to “replace the current fuel tax with a new funding mechanism that will raise the revenue needed to meet the authorized non-federal cost-share of these capital investments that is more efficient and more equitable than the fuel tax” for traffic on the inland waterway system. If the administration’s proposal is enacted, the budget forecasts additional receipts of \$72 million for the Inland Waterways Trust Fund for FY 2011. Together with the \$85 million in estimated receipts from the current excise tax and interest income, total receipts for the Inland Waterways Trust Fund would be \$157 million in FY 2011 under the administration’s budget request.

Regulatory Program: The administration’s FY 2011 budget request for the Corps’ Regulatory Program is \$193 million. This is an increase of \$3 million over the FY 2010 appropriation for this account. This program administers the laws pertaining to the regulation of activities affecting the waters of the United States, including wetlands, in accordance with the Rivers and Harbors Appropriation Act of 1899 (33 U.S.C. § 403), the Clean Water Act, and the Marine Protection, Research and Sanctuaries Act of 1972 (P.L. 92-532).

Under the administration’s budget request of \$193 million for the Regulatory program, the Corps expects to meet the following performance objectives:

- **Individual Permit Compliance Inspections:** Complete compliance inspections of 10 percent of all individual permits issued and constructed within the preceding FY;
- **General Permit Compliance Inspections:** Complete compliance inspections of five percent of all general permits issues and constructed within the preceding FY;

- **Mitigation Site Compliance Inspections:** Complete mitigation compliance inspections of five percent of active mitigation sites each FY;
- **Mitigation bank/In-lieu fee Compliance Inspections:** Complete compliance inspections and audits on 20 percent of active mitigation banks and in-lieu fee programs annually;
- **Resolution of Non-compliance Issues:** Resolve non-compliance with permit conditions and/or mitigation requirements on 20 percent of activities determined to be non-compliant at the end of the previous FY and are determined to be non-compliant during the current FY;
- **Resolution of Enforcement Actions:** Resolve 20 percent of all pending enforcement actions, such as unauthorized activities, that are unresolved at the end of the previous FY and have been received during the current FY;
- **General Permit Decisions:** Complete Corps' permit decisions on 75 percent of all general permit applications within 90 days; and
- **Individual Permit Decisions:** Complete Corps' permit decisions on 50 percent of all individual permit applications within 120 days (not including individual permits with formal Endangered Species Act consultations).

Formerly Utilized Sites Remedial Action Program (FUSRAP): The administration's budget requests \$130 million for the FUSRAP program, down \$4.0 million from the FY 2010 appropriation for this account. This program funds the cleanup of certain low-level radioactive materials and mixed wastes, located mostly at sites contaminated as a result of the nation's early efforts to develop atomic weapons.

Mississippi River and Tributaries (MR&T): The administration's FY 2011 budget request for the MR&T account is \$240 million – a reduction of \$100.0 million from the FY 2010 appropriation for this account. The MR&T account provides for the planning, construction, and operation and maintenance activities associated with Mississippi River and Tributaries water resources projects located in the lower Mississippi River Valley from Cape Girardeau, Missouri to the Gulf of Mexico. The FY 2011 budget request contains no new starts for studies or construction projects under the MR&T account.

Flood Control and Coastal Emergencies (FCCE): The administration's FY 2011 budget request proposed \$30.0 million for the Corps's FCCE account. The Corps has authority under the Flood Control and Coastal Emergency Act (P.L. 84-99) for emergency management activities, including disaster preparedness, emergency operations (flood response and post-flood response), rehabilitation of flood control works threatened or destroyed by floods, protection or repair of Federally-authorized shore protection works threatened or damaged by coastal storms, and the provision of emergency water due to drought or contaminated sources. Funds for the FCCE account are typically provided on an emergency basis through supplemental appropriations acts.

UNITED STATES SECTOR OF THE INTERNATIONAL BOUNDARY AND WATER COMMISSION

Summary of FY 2011 Budget Request:

(in millions)

Program	FY2010 Enacted	FY2011 President's Budget	Diff. of FY2011 Pres. Budget and FY2010 Enacted	
			\$	%
Salaries and Expenses	33.0	47.4	14.4	43.6
Construction	43.3	26.9	-16.4	-37.9
Total	76.3	74.3	-2.0	-2.6

First established in 1889, the International Boundary and Water Commission (IBWC) has responsibility for applying the boundary and water treaties between the United States and Mexico, and settling differences that may arise along the 1,952 mile common border. The IBWC is an international body, composed of a United States sector and a Mexican sector, each headed by an Engineer-Commissioner appointed by the respective president. The USIBWC receives its policy guidance from the U.S. Department of State and the Mexican sector of the IBWC received its policy guidance from Mexico's Secretariat of Foreign Relations. The USIBWC is headquartered in El Paso, Texas, and the Mexican IBWC has its headquarters across the Rio Grande River in Ciudad Juarez, Chihuahua.

The mission of the IBWC is to apply the rights and obligations that the governments of the United States and Mexico assume under the numerous boundary and water treaties and related agreements. These rights and obligations include flood control and protection, water diversions and supply, border sanitation, and other border water quality concerns.

The administration's FY 2011 budget request for the USIBWC is \$74.3 million, which is a slight decrease from the FY 2010 appropriation of 76.3 million for the Commission.

The administration's request for USIBWC Salaries and Expenses is \$47.4 million, which is an increase of \$14.4 million over the FY 2010 appropriation for this account. The Salaries and Expenses account includes funding for USIBWC administration activities (\$7.6 million), for engineering (\$2.9 million), and for operation and maintenance activities (\$36.9 million).

The administration's request for USIBWC construction activities is \$26.9 million, which is a decrease from the FY 2010 appropriation for this account. Included within this budget request is funding for the following projects:

- Rio Grande Flood Control System Rehabilitation (\$21.4 million);
- Safety of Dams Rehabilitation (\$5 million); and

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- Resource and Asset Management Program (\$500,000).

AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY

The ATSDR is the nation's public health agency for chemical safety. The agency's mission is to use the best science, take responsive action, and provide trustworthy health information to prevent and mitigate harmful exposures and related disease.

First organized in 1985, ATSDR was created by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980 (P.L. 96-510), more commonly known as the Superfund law.

Under its CERCLA mandate, the agency's work falls into four functional areas: (1) protecting the public from hazardous exposures; (2) increasing knowledge about toxic substances; (3) educating health care providers and the public about toxic chemicals; and (4) maintaining health registries. In recent years, ATSDR has focused on pathways of potential exposure to toxic chemicals, including food, water, air, and consumer goods.

Summary of FY 2011 Budget Request:

(in millions)

Program	FY2010 Enacted	FY2011 President's Budget	Diff. of FY2011 Pres. Budget and FY2010 Enacted	
			\$	%
ATSDR	76.8	76.3	-0.5	-0.7%
Total	76.8	76.3	-0.5	-0.7%

The administration's FY 2011 budget request for ATSDR is \$76.3 million, which is a slight decrease from the FY 2010 appropriation for the agency.

FY 2011 funds will support public health activities to identify and evaluate exposures to hazardous substances and to take appropriate actions to prevent and mitigate future exposures. Findings of these investigations will be documented through:

- Public health assessments of waste sites;
- Public health consultations concerning specific exposure scenarios and hazardous substances;
- Health surveillance and registries;
- Responses to emergency releases of hazardous substances;
- Applied research in support of public health assessment activities;
- Information development and dissemination;
- Education and training concerning exposure and hazardous substances, and

- Support of approximately 30 cooperative agreement programs to states and other partners who work in concert with ATSDR to protect the public health of impacted communities.

Prior to FY 2004, the agency received a portion of its funding from balances in the Hazardous Substance Superfund trust fund. For FY 2011, the administration's budget request for the agency comes entirely from general revenues; however, the administration's budget request also calls for the reinstatement of the historic taxes that funded the Superfund trust fund.

WITNESSES

Deputy Administrator Robert Perciasepe
United States Environmental Protection Agency

The Honorable Jo-Ellen Darcy
Assistant Secretary for the Army (Civil Works)
United States Army Corps of Engineers

Lieutenant General Robert L. "Van" Van Antwerp
Chief of Engineers
United States Army Corps of Engineers

AGENCY BUDGETS AND PRIORITIES FOR FISCAL YEAR 2011

Thursday, March 4, 2010

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WATER RESOURCES AND
ENVIRONMENT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:00 a.m., in room 2167, Rayburn House Office Building, Hon. Eddie Bernice Johnson [Chairman of the Subcommittee] presiding.

Ms. JOHNSON. The committee will come to order.

Good morning and welcome. Today's hearing is on the Fiscal Year 2011 Budget and Priorities of Agencies under the jurisdiction of the Subcommittee.

At today's hearing, the Subcommittee will receive oral testimony—I am sorry, my voice is not quite up to par.

At today's hearing, the Subcommittee will receive oral testimony from the Environmental Protection Agency and the Army Corps of Engineers. The Subcommittee has asked for written testimony for each of the other Federal agencies under the jurisdiction of this Committee and that should be included in each Member package.

Just a couple of years ago, the budget request of the previous administration was not adequate to meet the Nation's needs. Today's message is much more optimistic, at least with respect to investing in the Nation's growing wastewater infrastructure needs, and the commitment to clean, safe and secure water for all Americans. For the Environmental Protection Agency, the President's fiscal year 2011 request is \$10 billion, which is consistent with last year's request and continues the presidential commitment to restoring and protecting the Nation's environment.

Similarly, the administration's request for the clean water State revolving fund is \$2 billion, consistent with last year's request that was well above the previous administration's request and that renewed the Federal commitment to meeting the Nation's growing wastewater infrastructure needs.

So once again, the administration needs to be commended for producing a budget that, for the most part, restores the prospect of a cleaner, more sustainable future.

However, there are certain budget areas that could still undergo some improvement. For example, the fiscal year 2011 budget request for the Army Corps of Engineers was approximately 9 percent below the appropriated levels of the agency in fiscal year 2010. My greatest disappointment in the Corps's budget request is the in-

vestigations and construction accounts which are respectfully 35 percent and almost 17 percent below last year's appropriated levels. For the investigations account this disappointment stems from a concern that at the requested amount, the Corps of Engineers would be able to plan and design the next generation of projects within its core mission of environmental restoration, flood damage reduction and navigation.

In fact, the President's budget requests funding for no new specific studies, and for no new programmatic studies. In addition, if enacted at the levels proposed, the fiscal year 2011 investigations budget could have a negative effect on staffing levels of the Corps' district offices because the salaries of Corps employees are paid from the project funds, and in part, from funds for project studies.

In addition, the need for new projects is increasing and it is critical to maintain and enhance the capability of the Corps's planning mission. Both for the civil works program and for its military competency for the construction account I am disappointed that the budget only requests \$1.7 billion for the construction of vital Corps projects. I am equally disappointed that the budget only requests funding for two new starts that were authorized in the Water Resources Development Act of 2007. That monumental piece of legislation authorized a myriad of projects across the varied missions of the Corps which are vitally important to local community needs.

However, for the most part, these authorized projects were again passed over for funding in this budget request. Also the budget request for the Corps shows a decrease of \$39 million in the operations and maintenance of the Corps' projects and facilities. These funds are necessary for the preservation, operation, maintenance and care of existing navigation, flood damage reduction and environmental restoration projects. As I look at the EPA Superfund program, the administration's request is a slight decrease in funding for the program. However, EPA is increasing its estimated number of Superfund construction complete sites for fiscal year 2011. This is a welcomed increase in the pace of clean up and I hope this trend continues.

I would gather that EPA would be able to further increase these cleanup numbers if there was more available funding for this program in the future. EPA seems to be working to reverse the past few years of slowdown in the Superfund pipeline of moving cleanups from the investigation phase to the design phase, to the implementation of effective clean up plans. To that end, I am pleased that the administration has, once again, called for the reinstatement of the taxes on petroleum chemical feed stocks and corporate income that traditionally funded clean ups under the Superfund program. This effort, which was abandoned under the last administration, should allow for an increase in the number and pace of cleanups and a return to the goal of polluter pays.

On a positive note, the administration requested an increase of \$40 million over last year's appropriations for brownfields. This up in funding will better enable the Federal Government, States, and communities to work together to address cleanup and reuse brownfield sites. I am pleased that the Natural Resources Conservation Service, the Saint Lawrence Seaway Development Corporation, the National Oceanic and Atmospheric Administration,

the International Boundary and Water Commission, the Agency for Toxic Substance and Disease Registry, and the Tennessee Valley Authority were able to provide written testimony for the hearing this morning. Like EPA and the Corps, the budgets of these agencies have points of praise and points of criticism.

I commit to continued oversight of all of the budget requests for the agencies under the jurisdiction of this Subcommittee, and I welcome each of the witnesses here this morning.

And now I will yield to my distinguished Ranking Member of the Subcommittee, Mr. Boozman, for any comments he may have.

Mr. BOOZMAN. Thank you so much, Madam Chair, and we appreciate your leadership.

Today we will hear from two agencies whose work falls within the jurisdiction of our Subcommittee, the Army Corps of Engineers and the Environmental Protection Agency. Let me begin by saying that I support efforts to control Federal spending. However, these are important programs that benefit our economy and improve the quality of life of our citizens. While I agree we must be diligent in our oversight of these agencies to be sure that programs are run effectively and efficiently, I do not support cutting programs or flat funding programs that have a proven record of providing economic benefits.

It is inevitable that the administration's priorities and congressional priorities will not always coincide. For instance, once again the administration's proposing to reinstate the Superfund taxes. These punitive Superfund taxes unfairly penalize those who are not responsible for pollution at the Superfund sites. Under this proposal the Superfund taxes would be levied on many companies and industries such as financial, insurance, real estate, retail and wholesale trade and service businesses that have absolutely no connection to a Superfund site or to any environmental cleanup.

Superfund should remain the cost recovery statute, not a putative one on those who fuel the Nation's economic engine.

Cost recovery advances the polluter pays principle while not injuring innocent businesses, shifting the burden to those who had no part in the contamination is simply unfair and unwarranted. For nearly two centuries, the Civil Works Missions of the Corps have contributed to the economic vitality of the Nation and have improved the quality of our life. At the same time, the Civil Works side of the Corps represents an experienced engineering workforce that can be quickly mobilized to address a national defense threat or a national disaster. Yet the fiscal year 2011 budget request from the administration for the Corps of Engineers is less than the fiscal year 2010 request and well below what was enacted in 2010.

Given the fact that the navigation projects and the flood damage reduction projects provide the economic benefits to the Nation, I would like to see the administration play a higher priority in the Corps's work. All the Corps projects put people to work, which is another reason to put the investments high on the priority list. Investing in flood damage reduction projects protects people in businesses in cities and towns all across the Nation. It makes good economic sense to protect existing development rather than have to pay for the losses and clean up that comes from hurricanes or

floods. Every one dollar invested in flood damage reduction provides protection for more than \$6 worth of infrastructure.

In the global economy the Nation's farmers and businesses must compete with their counterparts overseas for customers all over the world. The importance of modern waterways and ports has never been more critical to the Nation's economic well-being as it is right now. If we follow the administration's leads projects will take longer to complete, cost more and have the benefits delayed. There is very little change from previous budget requests for the corps's operation and maintenance account.

After many years of inadequate funding resulting in deferred maintenance the funding level is still too low. The chronic problem of deferred maintenance is impacting the navigability for many of our water ways and causing ships to enter and leave certain ports only partially loaded or in some cases divert to foreign ports. This has a huge impact on the reliability of this important mode of transportation. And I believe the President's budget puts the Nations at a competitive disadvantage. I thank all of our witnesses for being here and I look forward to your testimony. And with that I yield back, Madam Chair.

Ms. JOHNSON. The Chair recognizes Representative Cao.

Mr. CAO. Thank you, Madam Chair. And first of all, I just want to thank you and I would like to thank the Ranking Member for holding this very important hearing. The city of New Orleans as well as the whole second congressional district are very much dependent on the many projects that are being conducted by the Army Corps as well as the EPA. And I have discussed many times in this Committee as well as the Subcommittee that 4-1/2 years after Hurricane Katrina, we are still rebuilding and we are still struggling to ensure that the people of New Orleans, as well as the second congressional district get the necessary hurricane protections that they need.

In our recovery, we also have encountered many other environmental obstacles. Toxic mold continues to affect my constituents' health and has prevented many from returning to their home. We are dealing with Chinese drywall which was used in the rebuilding process and which is now literally eating my constituents houses from the inside out to say nothing of the health issues it is causing. In both of these cases, the true sum of the effects is still being learned and it is very concerning to me.

Another environmental consideration that affects my district is coastal restoration with the failures of the levees, wetland reconstruction. Our first line of defense, all of these projects have been damaged over the years by coastal erosion and salt water intrusion. And we must continue with strong programs to ensure the health of these complex networks.

As I stated yesterday, the recovery of New Orleans very much depends on the infrastructure that are under the Army Corps of Engineers. And today, I just want to continue our discussion from yesterday. And I would like to touch on a number of issues, one is the eastern surge protection barrier to the western surge protection barrier in the area of Algiers and Harvey Canal. Projects relating to the Mississippi River Gulf Outlet, or MRGO, including the reaches 144, 146 and 148 which are slated for T walls.

The T walls on the Harvey Canal affecting all the levees on the lakefront and in the New Orleans areas. I also would like to continue our discussion of the Inner Harbor Navigation Canal Lock as well as the outfall canals.

I have noticed that in our discussion yesterday the Corps suggested that the State would not sign the PPA in connection with outfall canals. And based on my understanding, the State has some concerns with respect to the partnership agreement that was proposed unilaterally by the Corps. And some of the concerns that we have include the following: The Corps' own document reports indicate that other options are better than the option that the Corps has chosen to implement. The Corps has refused to conduct a full analysis of the other options and suggested to economy that it would take 3 years and 15 million to compare the various options. This is significantly more time and money than the Corps spent on their preferred option.

Second, the Corps has not developed a feasibility level documentation on any outfall canal options. The State has asked that peer review be performed on all three canal solutions. The Corps has agreed to perform peer review of only one canal, that is the 17th Street canal. And the last concern that was conveyed to me by the State is the very unique project delivery process the Corps intends to use design build to carry out the permanent solution on the outfall canals. This State, based on my understanding, has asked that the State has an opportunity to concur in the ultimate design of the solutions.

So these are some of the issues that we are trying to address with respect to the partnership agreement that was proposed by the Corps. And I hope that as we continue our conversations today, we can look at some of these issues and hopefully come up with some kind of compromise.

Thank you very much and I yield back the balance of my time.

Ms. JOHNSON. Thank you very much, Congressman. Now I introduce the panel of witnesses, our first witness this morning is Mr. Robert Perciasepe, and he is deputy administrator for the U.S. Environmental Protection Agency. Next Ms. Jo-Ellen Darcy, she is the Assistant Secretary for the Civil Works for the U.S. Army Corps of Engineers. And our third witness is Lieutenant General Robert L. "Van" Van Antwerp, who is Chief of Engineers for the U.S. Army Corps of Engineers.

TESTIMONIES OF ROBERT PERCIASEPE, DEPUTY ADMINISTRATOR, UNITED STATES ENVIRONMENTAL PROTECTION AGENCY; HON. JO-ELLEN DARCY, ASSISTANT SECRETARY FOR THE ARMY FOR CIVIL WORKS, UNITED STATES ARMY CORPS OF ENGINEERS; AND LIEUTENANT GENERAL ROBERT VAN ANTWERP, CHIEF OF ENGINEERS, U.S. ARMY CORPS OF ENGINEERS

Ms. JOHNSON. Your full statements will be placed in the record. And we ask that you attempt to limit your testimony to about 5

minutes as a courtesy of the other witnesses and then we will have question rounds. So Mr. Perciasepe, you may proceed.

Mr. PERCIASEPE. Chairwoman Johnson and Ranking Member, thank you for inviting me to the meeting today. And Members of the Committee, thank you for being here to talk about the EPA budget. I want to discuss the fiscal 2011 budget briefly here in my opening comments and obviously go to the questions.

This budget fully represents and reflects President Obama's and our commitment to environmental protection and ensure that all families across the country have access to clean air, water and land. Much work has gone into preparing this budget over the last year. And I am proud that it reflects the goals of the Agency, and specifically, this budget is a framework to protect America's waters, clean up our communities, address climate change, improve air quality, assure safety of chemicals, expand the conversation on environmentalism in the country and to work for environmental justice, and to continue to build strong State and tribal partnerships, which are vital to our success.

Let me touch on a couple of the highlights of this budget that will protect human health and the environment and lay a new foundation for our prosperity. Protecting America's waters are a top priority for EPA due to the tremendous impacts water quality has on human, environmental health and economic health. For fiscal 2011, this budget reflects EPA's commitment to upgrade drinking water systems and wastewater infrastructure with a substantial investment of \$2 billion for the Clean Water State Revolving Fund, and \$1.3 billion for the Drinking Water State Revolving Fund. This will initiate 800 new clean water projects and 500 new drinking water projects across the country. This is on top of all the other Recovery Act funds that are already out there and under contract.

Also the fiscal year 2011 budget request support for a number of nationally significant ecosystem restoration efforts. For instance \$300 million for the Great Lakes, \$63 million for the Chesapeake Bay and some other funding for other ecosystem projects.

This budget also promotes new and innovative strategies for cleaning up communities to protect sensitive populations, such as children, the elderly and individuals with chronic diseases. The budget proposes \$215 million for brownfields clean up. An increase of \$40 million to support planning clean up, job training, redevelopment of brownfields properties, especially in underserved and disadvantaged communities.

In addition this budget proposes \$1.3 billion for Superfund clean-up efforts across the country. Clean up of contaminated properties take pollution out and puts opportunity and jobs in.

The President's budget also asks Congress to fund the sensible measured steps that EPA is taking to begin addressing greenhouse gas pollution. Three years ago the Supreme Court held that greenhouse gas emissions are air pollutions under the Clean Air Act. EPA has an obligation to prepare itself, State governments and industry for reasonable requirements in a manner fully compatible with the objective of legislation that is being debated.

The budget requests more than \$43 million for additional efforts aimed at taking action on climate change. Two-thirds of that money is for States to develop technical capacity for whatever pro-

grams may come in the future, as well as the projects under the Supreme Court's decision.

Example of this commonsense approach is embodied in the agreement that we made with the Nation's automobile makers. The States and we have all reached the historic agreement to establish uniform, light duty vehicle standards that will eliminate 950 million metric tons of greenhouse gas pollution and save 1.8 billion barrels of oil consumption. The budget requests \$6 million for the implementation of that rule and pursuing similar agreements in the transportation sector.

While addressing global warming, this budget also takes steps to ensure that local air quality is good for all, including those with respiratory problems. To improve air quality EPA will continue our support of enhanced monitoring and enforcement efforts. This budget requests \$60 million of increased funding for state grants to address expanded national ambient air quality standards as well as needed air quality monitoring requirements. The budget also provides \$6 million to improve air toxics monitoring capabilities to address compliance and enforcement issues.

Toxins are found not only in air missions, but many of the common chemicals that we use every day. And we have an obligation to the American people to ensure these chemicals are safe. At the end of 2009, EPA released first ever chemical action plans, four groups of substances and more plans are in the pipeline for 2010.

In this budget, EPA proposes \$56 million for chemical assessment and risk review, including continued development of chemical management plans to ensure that no unreasonable risk are posed by new or existing chemicals.

We have also begun a new era of outreach and protection for communities, historically underrepresented in environmental decision making. We are building strong working relationships with tribes, communities of color, economically distressed cities and towns, young people and others, but this is just a start. We must also bolster our relationships with our State and tribal partners. These are areas that call for innovation and bold thinking. And the administrator is challenging all of our employees to bring vision and creativity to our programs.

Thank you for allowing me to briefly go through the highlights of our 2011 budget, and of course I am going to be happy and looking forward to answering all of your questions.

Ms. JOHNSON. Thank you very much. The Honorable Jo-Ellen Darcy.

Ms. DARCY. Chairwoman Johnson, Congressman Boozman, other Members of the Committee, thank you for the opportunity to present the President's budget for the Civil Works program of the Army Corps of Engineers for fiscal year 2011. The fiscal year 2011 President's Budget for Civil Works program is \$4.939 billion. The budget supports four principle objectives: Funding construction of the highest performing water resources infrastructure investments that will provide the best return from a national perspective; supporting the Nation's navigation network by funding capital development achievable within current revenues; advancing aquatic ecosystem restoration efforts and continuing to meet the requirements of the Endangered Species Act; and emphasizing critical mainte-

nance and operational reliability of the existing Civil Works infrastructure.

The budget focuses funding primarily on three main Civil Works program areas, commercial navigation, flood and coastal storm damage reduction, and aquatic ecosystem restoration. The budget also supports hydropower, recreation, environmental stewardship and water supply services at existing water resources projects owned or operated by the Corps.

Finally, the budget provides for protection of the Nation's regulated waters and wetlands, clean up of sites contaminated as a result of the Nation's early efforts to develop atomic weapons; and emergency preparedness and training.

In keeping with President Obama's commitment to limit the overall level of non-security discretionary spending, the level of funding in the 2011 Civil Works budget is a reduction from both the 2010 budget and the enacted 2010 appropriations. However, the 2011 funding level reflects a practical, effective and sound use of the Nation's financial resources.

The Army continues to apply objective performance guidelines to many competing Civil Works construction projects in order to establish priorities among them and to guide the allocation of funds to high performing ongoing projects and high performing new construction starts. These guidelines emphasize investments that provide the best return from a national perspective in achieving economic, environmental and public safety objectives.

The budget includes two new starts and several new initiatives. One of the construction new starts is the Louisiana Coastal Area Program, which will provide funding for the construction of projects coming out of the study by the same name, after they have favorably completed Administration review. The other construction new start is a nonstructural flood damage reduction project at Onion Creek, Texas. Within the O&M program, there is funding for a new Global Changes Sustainability Program to assess the impact on Civil Works projects of climate change as well as impacts of shifting demographics, changing land use and changing social value. Understanding those impacts will enable the Corps to identify operational and other modifications to anticipate and respond to changing requirements to achieve and maintain sustainability.

Last year, the Administration proposed legislation for a new user fee to increase revenue to the trust fund, and that proposal remains available for consideration by Congress in support of the 2011 budget. The Army continues to work in partnership with the inland waterway stakeholders to identify priorities and an effective funding stream for inland waterway construction and rehabilitation for the next 20 years, which could be made possible by enactment of a new funding mechanism.

The budget provides \$180 million for the South Florida Everglades ecosystem restoration program. This includes funding for continued construction of 5 significant restoration projects: Pica-yune Strand, Site One Impoundment, Indian River Lagoon South, Kissimmee River, and the C-111 project.

The budget also supports work on other major ecosystem-wide initiatives, in part through Federal interagency working groups headed by the Council on Environmental Quality. The budget in-

cludes a total of \$52 million for one such effort, which is the California Bay Delta Restoration. Within the ongoing Cultural Resources Program, \$3 million is included to continue the Veterans Curation Project, which was initially funded through the American Recovery and Reinvestment Act funding and recently received the annual Chairman's Award from the Advisory Council on Historic Preservation. The Veterans Curation Project supports small curation laboratories in Augusta, Georgia; St. Louis, Missouri; and Washington, D.C.—three cities with high populations of recently returning and wounded veterans.

The veterans are hired into temporary working positions and receive on-the-job training in curation of some of the backlog of archaeological and historic properties that have come into the Corps' possession over the years. This is an innovative approach to supporting returning and disabled veterans of all branches of the military service with jobs and training in a variety of technical skills with broad applicability while benefiting the Civil Works program. I spoke at the opening of the lab in Augusta, Georgia and I was very moved by the stories of how this program has given hope to recovering veterans.

In conclusion, this is a frugal budget that reflects the priorities of a Nation that is both at war and successfully navigating its way out of economic upheaval. While this budget does not fund all of the good things that the Corps of Engineers is capable of doing, it will support very important investments that will yield long-term returns for the Nation's citizens. Thank you, Members of the Subcommittee, and I am proud to support the 2001 budget of the Army Civil Works program. Thank you.

Ms. JOHNSON. Thank you very much.

Now Lieutenant General Robert Van Antwerp.

General VAN ANTWERP. Madam Chair, Congressman Boozman, distinguished Members of the Subcommittee, this budget is a performance-based budget. It makes the best use of available funds through a focus on projects and activities that provide the highest economic and environmental returns or address significant risk to human safety. This budget funds 99 construction projects, four of those projects included in that 99 are from the Mississippi River and Tributaries account. There are 10 dam safety, 20 projects that address risk to human safety, and 69 other projects.

The budget supports restoration of nationally and regionally significant aquatic ecosystems, with emphasis on the Florida Everglades, Louisiana Coastal Area, and the Hamilton Airfield in California in San Francisco Bay. The budget supports the Columbia River and Missouri River fish projects to support the continued operation of the Corps of Engineers multi-purpose projects by meeting the requirements of the Endangered Species Act.

As soon as the Corps constructs a project, as you might imagine, our attention immediately turns to the operation and maintenance of those projects. Generally with periodic maintenance, we can operate our facilities for many, many years. The average age of our 241 locks incidentally is 58.3 years old. The budget supports our continued stewardship of this infrastructure by focusing funding on key infrastructure that is of central importance to the Nation.

The operation and maintenance program for the fiscal year 2011 budget includes \$2.361 billion and an additional \$153 million under the Mississippi River and Tributaries account.

We support the President's commitment to continue sound development of the Nation's water resources. Domestically, the Corps of Engineers has been at work across the Nation as we continue to respond to the call during national emergencies. The critical work that our folks are doing reduces the risk of damage from future storms and helps out the people in communities of this Nation.

Internationally, the U.S. Army Corps of Engineers continues to support the mission in Iraq and Afghanistan and in 32 other countries. In those two particular countries, to build foundations for democracy, and freedom, and prosperity. I especially want to recognize the many expeditionary Corps of Engineers civilians that have deployed to those theaters. Over the time frame, we have been in Iraq and Afghanistan, and if you include southeast Louisiana, we have deployed over 10,000 members of the Corps to places other than what their normal workplace is. We are very proud of that effort.

In closing, the Corps of Engineers is committing to staying on the leading edge of service to our Nation. We are committed to change that ensures an open, transparent and performance based Civil Works program.

Madam Chair, thanks for this opportunity and I look forward to your questions.

Ms. JOHNSON. Thank you, first round of questions. I want the witnesses to know that this Committee feels that you are the most important agencies for the purposes of having clean water and good water infrastructure. I want to ask a little question about the coal ash spill in Kingston. We have had a number of hearings, but recently I received a letter from a resident in Tuscaloosa, Alabama expressing concern about the potential illegal discharges coming from the landfill in Perry County, Alabama and that is being used, of course, to store this coal ash that was removed from the Kingston spill. Most alarming is the concern that water quality samples taken near the landfill seem to show arsenic at unsafe levels, and may be emanating from the landfill.

So I am wondering if the EPA took the leadership in getting something started there. I don't know if you are familiar with that, if you are, I would like to hear from you.

Mr. PERCIASEPE. I have to remember to push the button.

Ms. JOHNSON. If not, we can get it later.

Mr. PERCIASEPE. Yes. Well, I think what you are talking about is where some of the coal ash, sludge that was——

Ms. JOHNSON. Tennessee Valley.

Mr. PERCIASEPE. In Kingston and where it is trying to be disposed of. And we are closely monitoring that situation there, and we, certainly in Alabama, and we can certainly set up a time for you to get a more detailed briefing on that. We share concerns on the financial, the financial status of the company there right now, we are reviewing that and we have looked at the other environmental issues there and would love to be able to get you a more detailed briefing on it. But we are very concerned and closely monitoring that situation.

Ms. JOHNSON. Thank you. I notice that the national media has done a story on it in USA Today.

I have a commitment from the EPA to follow up on this allegation and ensure that proper procedures are being followed. So I know that I will be back in touch with EPA on this issue very quickly. Mr. Boozman.

Mr. BOOZMAN. Thank you. EPA is proposing to substantially increase the funding for its enforcement programs, but it is also zeroing out the Agency's compliance assistance program which seems—do you support zeroing out the compliance assistance program? Is that something that has been of benefit in the past or not?

Mr. PERCIASEPE. Well, what we are doing is organizing so that whatever compliance assistance we provide through our regional offices at our national level are all part of one program and that is what transition is about.

Mr. BOOZMAN. So that—

Mr. PERCIASEPE. Of course, we want to be able to continue to provide assistance where it is appropriate on how to be in compliance with environmental laws, but the fact that we are organizing a different way doesn't mean we are not going to be able to do that.

Mr. BOOZMAN. So it is just a reorganization, you are not going to—very good, that is helpful.

Tell me about the situation that we talked about yesterday, we have a situation where we have a nearly completed rewinding project, it is \$115 million project, we spent \$80 million, it will cost \$20 million to discontinue the project.

So for another \$15 million, we could get it completed. I think the cost benefit would be 1.2. So if we discontinue it, it will cost the taxpayers \$100 million. If we spend an additional \$15 million with a 1.2, then I think we get \$138 million in return. The other problem is that we had a system that was working, probably about two-thirds of capacity, now it is dismantled and not working at all.

So we have a problem that we are losing the electricity that we had, rates will go up and you might comment on that, you might comment also about the number of jobs that will be lost.

Ms. DARCY. Congressman, the project I believe you are referring to is the Ozark-Jetta project in Arkansas. That project for purposes of this fiscal year's budget did not meet the criteria of having a 2.5 benefit to cost ratio which was the cut off for that kind of project in this budget.

Mr. BOOZMAN. So your policy is you change the rules in the middle stream so to speak. I really don't understand that.

Now, I guess the other problem we have with this is that last year this administration spent another \$15 million on the project, so are we even changing from year to year now. Maybe next year the cost benefit ratio is going to change and you are going to discontinue projects.

Ms. DARCY. Congressman, this project was not budgeted for in the 2010 budget or the 2011 budget. The \$15 million you are referring to is from ARRA funding, the criteria for funding ARRA projects was different from that criteria we used in budgeting in 2011.

Mr. BOOZMAN. You know, 2 plus 2 equals 4, and this is 2 plus 2 equals 5. And it just makes no sense at all. I guess this is why

to me the public loses faith in government. Again, do you disagree with the facts in the sense you spend an extra \$15 million, you get \$138 million get back, you get hydropower, clean power that we are all talking that we need, which I agree with very much and if you don't do it the taxpayers lose \$100 million. I mean, is that—do you agree with those facts?

Ms. DARCY. I am familiar with many of the facts you just cited, sir, but again, in our consideration of all of the worthy projects within the Corps' realm of capabilities, this project was not considered to meet the criteria of benefit to cost ratio for the purpose of this year's budget.

Mr. BOOZMAN. So the taxpayers are just out?

Ms. DARCY. In some sense.

Mr. BOOZMAN. And the people that depend on this energy that was being delivered before you went in—it is kind of like taking your car in for a tune-up and taking it all to pieces and then not having anything left. So will there be job loss as a result of this?

Ms. DARCY. I—I don't know that answer. I can find out for you.

Mr. BOOZMAN. Will you support an IG investigation regarding it? We have \$100 million loss to the taxpayers. Is anybody responsible for that?

Ms. DARCY. The cost to the taxpayers is our responsibility, sir. And I would—if an IG investigation is underway, we would be happy to cooperate with it.

Mr. BOOZMAN. OK. Also will you give us—we would like, I think, all the documents, all of the e-mails. Again, I guess the problem is this is 2 plus 2 equals 5, so it is very hard to imagine the administration's thinking in regard to this, it makes no sense. And so I would very much like all of the documents, all of the e-mails, all of the thinking process so that we can better understand how you arrived at your opinion.

General, are you on the same page, do you think this is wise use of taxpayers money?

General VAN ANTWERP. Congressman Boozman, I would say the five turbines, which you are very familiar with, the money that is in the budget, it isn't that the \$100 million is totally lost, because the first two turbines will be completed with the dollars that we have. And actually, the dollars that we have will take us in through the beginning of fiscal year 2011. That is when the crunch point comes, either in this continuing contract there is more dollars or the Southwest Power Administration bridges a gap for us or we have to terminate the contractor.

What the contractor has done is enough to repair two and buy the parts for the other three. And then that is where it would be—but there has been work done, and two of those turbines will be up so that is kind of just more additional facts as we look at the entire project. But what you are weighing is the sum cost versus the termination cost, and that is a valid discussion and challenging always to say we are going to stop right here and have three turbines that will not be operation unless we find other funding for them.

Mr. BOOZMAN. Thank you very much. We have some other questions that we would like to submit for the record. And again, we

will move forward on the documentation and things like that, so thank you very much.

Ms. JOHNSON. Thank you very much. The Chair now recognizes the distinguished Member from California Congresswoman Napolitano.

Mrs. NAPOLITANO. Thank you, Madam Chair, and I want to direct my questioning, first of all, to Ms. Darcy, thank you very much for the response to my November letter, thank you.

Ms. DARCY. Sorry it was so late.

Mrs. NAPOLITANO. And part of it is you refer in almost the last paragraph the funding was allocated in 2010, it was not fully funded, so I want to be sure there is no question later on that this project the raising of the levees on that dam, the study is fully funded because it was almost 300, and I think the appropriation was 134. I want to be sure there is no question in the actual amount to be able to be infused into that.

Ms. DARCY. I think it is funded at \$300,000 if I am not correct.

Mrs. NAPOLITANO. I want to be sure, you will check for me. Secondly, the fact that you indicate that you won't be able to approve the safety portion of the study until later in the year, even though water replenishment district is willing to pay for the raising of the levees on their own with their money which would help be able to—how would I say, take care of some of the burden on the taxpayer costs.

So if they are willing to do it, would there be a way to expedite it, instead of waiting, we are going to lose a lot of water. 1,100 acre feet a year that can be put into an aquifer by raising that levee and having that be more beneficial to the whole area of 15 million people around that area.

Ms. DARCY. I think your question is whether we can expedite the study to determine the safety of the dam?

Mrs. NAPOLITANO. Correct.

Ms. DARCY. I will check to see if there is any way we can expedite it with the funds available.

Mrs. NAPOLITANO. It is level 2.

Ms. DARCY. Two.

Mrs. NAPOLITANO. That would be beneficial so I would appreciate anything you could do.

The other question is for Mr. Perciasepe that has to do with the 2004 IGs identifying the 10 special Superfund sites. Well, during the last administration, they went from 80 per year approval to a low of 20 because it was lack of resources. If Congress were successful in reauthorizing the revenue sources, would it be able to accelerate the cleanup of the Superfund sites? And if you wouldn't mind telling us how that would happen, how would you speed up that pace with a robust trust fund.

Mr. PERCIASEPE. We are already trying to use for instance we had an influx of \$600 million under the Recovery Act funding that helped us start to accelerate a little bit. We are anticipating in our fiscal year 2011 that we will start going up a little bit on the traditional measures of the completion, but one of the other things that is really important that we are starting to implement at EPA and have started to look at how to build this more level of transparency and accountability, start looking at every piece of a project, not just

the whole project, which that is very important to look at. But the whole project doesn't get done until the pieces get done, sometimes we are losing track of the pieces and not for want of a whole.

So we are going to start tracking every part and every step of the project, making that a publicly available information so that people can see exactly what the status——

Mrs. NAPOLITANO. Will you able to do that, the question is?

Mr. PERCIASEPE. Yes.

Mrs. NAPOLITANO. Would you be able to expedite, to speed up that pace of that cleanup?

Mr. PERCIASEPE. We think with that kind of management structure and with additional funds, there can be an acceleration of parts and whole projects completed.

Mrs. NAPOLITANO. Well, most of what I have been involved with in Superfund site cleanup in San Gabriel Valley has been the PRP's identification. Have you managed to be able to go around that and be able to come back and pick those up rather than delay the projects that are affecting the health of the people in the area?

Mr. PERCIASEPE. Well, if there are health issues, we will act quickly as we can on that. If there is long-term collection of money or after the effect collection of money through enforcement programs or identifying the responsibility parties, we will continue to do that aggressively as well.

Mrs. NAPOLITANO. It would be nice to have a report to the Subcommittee, Madam Chair, on whether or not this would be feasible and how you feel that that might be implemented and what time frame.

Mr. PERCIASEPE. I would suggest at your suggestion here that we present an overview of the banishment structure we are trying to put in place now. We are calling it the Integrated Cleanup Initiative that would look at the sites more holistically.

Mrs. NAPOLITANO. That would be very helpful, sir. Madam Chair for the Committee I would like to have it entered into the report when they report it. Thank you.

[The information follows:]

INTEGRATED CLEANUP INITIATIVE

While Superfund continues to make progress cleaning up hazardous waste sites, we still face numerous challenges. One such challenge involves ensuring that our cleanup activities are conducted in an accountable and transparent fashion so that communities have the information they need to be active and engaged participants in the cleanup process. This challenge has become especially critical as returning Superfund properties to productive use has become an integral part of the cleanup process. Another challenge is the need to more effectively leverage cleanup resources to compensate for the largest and most complex sites that have come to demand an increasing proportion of EPA's Superfund resources. Over the past decade, this has meant some new construction projects could not be immediately funded.

In general, communities affected by Superfund sites are often actively engaged in the Superfund cleanup process. They have become active participants in future land use determinations at Superfund sites as site redevelopment has become a standard facet of the Superfund process. This participation has built on communities' overall interest to better understand and engage with EPA on cleanup decisions. Communities are also seeking greater accountability in the cleanups that affect their lives. They often want more meaningful ways to assess cleanup progress than the long-term milestones the program currently uses to evaluate site progress—milestones that can take years to materialize. Communities' interests also encompass more than just Superfund cleanups; they are concerned about a range of contaminated sites, regardless of the cleanup authorities being used to accomplish the cleanup. Understandably, communities' number one concern is that a site be cleaned up; whether under CERCLA authority or some other federal, state or tribal environmental statute.

The Superfund program continues to clean up a mix of NPL sites with varying degrees of complexity and challenges, however, those sites that have not achieved construction completion, when compared with those that have achieved construction complete, are generally larger, costly, and more complex than the sites EPA has completed in the past. This means that the cleanup work we are doing today overall is more difficult, is more technically demanding, and consumes considerable resources at fewer sites than in the past.

Regarding the resource issues that these sites impose on the program, statistics from FY 2008 are illustrative of the problem. In FY 2008, nearly 57 percent of Superfund obligations for construction and post-construction activities went to only 17 sites. In that same year, EPA was unable to fund 10 out of 26 new construction projects ready for funding due to the resource needs for ongoing construction work. In FY 2009, we were able to fund all of our new construction starts due to the more than \$563 million in ARRA funding; in the absence of such funding, we would not have been able to do so.

To address these and other challenges, EPA recently started a new effort called the Integrated Cleanup Initiative (ICI). The goal of ICI is to improve transparency, accountability and efficiency in the Superfund program and other cleanup programs throughout the cleanup process. Under this initiative we have begun to examine and identify programmatic improvements across all stages of the cleanup process - from assessment through cleanup completion - for all of our land cleanup programs. By looking across all of our land cleanup

programs, Superfund, Brownfields, Federal Facilities, Resource Conservation and Recovery Act, and Underground Storage Tanks, we seek to integrate and leverage the Agency's land cleanup authorities to accelerate cleanups, address a greater number of contaminated sites, and put these sites back into productive use while protecting human health and the environment. In addition, the ICI will also examine opportunities to improve our cleanup enforcement activities as a means to address the funding challenges that our program faces. By obtaining responsible party participation in conducting and/or financing cleanups, we preserve Superfund monies to address sites where there are no viable responsible parties.

As one of the first steps in the ICI, starting in FY 2011, EPA will begin reporting on a new Superfund NPL site cleanup performance measure called "remedial action project completions." These projects represent discrete actions and by more closely tracking project completion, EPA will be able to better monitor incremental progress toward the complete construction of long-term remedies at NPL sites. They are defined to address specific problems, such as a given media (e.g., ground water contamination), areas of a site (e.g., discrete areas of contamination, building demolition, etc.) or particular technologies (e.g., soil vapor extraction). By highlighting this more focused aspect of the cleanup process as a performance measure, EPA can provide communities with greater opportunity to evaluate and hold EPA accountable for specific work conducted in the field in addition to overall progress toward risk reduction and reuse at Superfund sites.

Further, under ICI we are working closely with clean up programs in other federal agencies, notably the Department of Defense and the military services which account for approximately 140 out of 170 federal facilities on the NPL. Many of these are large and complex sites with strong community interest. EPA and DoD are working to harmonize the performance measures at NPL sites to improve consistency in reporting, improve transparency in setting goals for important clean up milestones, and reduce potential site level disputes (and potential delays) arising from different accountability systems between EPA and DoD and the military services.

Ms. JOHNSON. Representative Cao, do you have questions?

Mr. CAO. Yes, I do, thank you Madam Chair. My first question is to the EPA Secretary. You stated in your statements and I quote, "all families have access to clean air, water and land." There is an issue in Norcross, Georgia that I would like your institution to look into. There is a church in Norcross that supports about 1,100 families. And there is a waste transfer station that is being built right next to the church. I am not sure whether or not legal steps were being carried out in order to get the permits or whether or not other issues are involved, but it seems to me just on its face the project seems to endanger the ability of the people who are parishioners of the church as well as the surrounding areas to have access to clean land at least. If you can look into that issue, I would really appreciate it. That is one issue.

The other issue that I would like to ask you concerning the number of employees with respect to the rural water technical assistance program. I believe that in my district there is only one employee, while in an adjacent district comprised of Metairie, Kenner, St. Tammany, there are 59 employees. And as you examine these program for cross-cuts have you considered whether or not personnel are allocated in a more efficient manner.

Mr. PERCIASEPE. I am just going to say I don't really think that these are EPA employees. I think that this is a grant that is provided, but I hear what you are saying on that and I will make sure that we look into it and let you know what factors are involved in that grant program.

Mr. CAO. OK.

Mr. PERCIASEPE. But I don't know the specifics of how that grant program is allocating the employees on the ground.

Mr. CAO. Thank you very much.

Secretary Darcy, I just want to continue with our conversation and General Van Antwerp from yesterday, there are about 15 near-term projects designs to redistribute freshwater, nutrient and sediment resources in an effort to abate land loss. All 15 of the near-term projects were authorized for construction in 2007. However, to date, none of the projects have been constructed. My first question to you is, is it possible to complete the 15 projects with the intended near term next 6 years or so?

Ms. DARCY. Are you referring to the Louisiana Coastal Area projects?

Mr. CAO. Yes.

Ms. DARCY. Currently underway, we have, I think, six of the studies are underway. We expect, I think, to complete those this fiscal year. And we also have one of our new starts within our construction budget for LCA related programs at \$19 million.

Mr. CAO. Now, would that be sufficient to meet the intended deadline since the Corps has missed deadline after deadline? I am just wondering.

Ms. DARCY. The funding in this year's budget for the six studies in LCA is sufficient to complete those studies, sir.

Mr. CAO. The State of Louisiana loses between 20 to 40 square miles of coast every single year. And I have addressed this issue with the Corps before in that it is somewhat baffling to me that some of the dredging materials from the Mississippi River that

could have been used to restore a coastline are simply being dumped into the ocean. Can you explain to me how this policy in our State, does it differ from the application in other States?

Ms. DARCY. No, Congressman, it doesn't. The beneficial use of dredge materials is driven in many ways by the kind of project, the kind of materials that the dredging comes up with, whether it is silt or fine silt, what the condition of that material is as to whether it needs to be treated before it can be disposed of, whether it needs to go to a confined disposal facility, or whether it is in a condition to be used for beneficial use in another circumstance.

The current policy for beneficial use of dredge material is that dredge material should be the least cost alternative in disposal. However, we have found in many instances right here close to home in Maryland and other states that the use of the material can be beneficially used in something other than open water disposal. Much of that depends on the kind of material that we are using in the current waterway where it would be disposed of.

Ms. JOHNSON. Thank you very much. Mr. Kagen.

Mr. KAGEN. Thank you Madam Chairman, and thank you all for your testimony here today. I have the great honor of representing Green Bay, Wisconsin, we have a harbor that is in peril and in need of dredging its channel. We need more than one lane of traffic, we need two lanes, it should be a sufficient step to allow our cargo to come in without having light loads. You are well aware of this both at the EPA as well as the Army Corps. I thank you for your past attention. And certainly Congress has stepped up in terms of providing the necessary funds to dredge our harbor to guarantee the economic opportunities for our region.

For those of you who don't know it, the Fox River is one of two of our rivers in North America that run north and it drains into the Great Lakes. This is important because we also have the largest concentration of papermaking in the world in northeast Wisconsin along that river where we have hydroelectric power and greatest use of PCBs anywhere other than the Hudson River.

Currently the responsible parties are in the process of effectively remediating the PCBs and removing them and dredging them and in an environmentally safe manner. And also recently, after we achieved the successful funding of the dredging of our harbor, the EPA issued two letters, first in September of 2009 and then December of 2009. The first letter saying that the Army Corps could dredge the harbor; and the second saying they had to stop unless they would be using a technique of dredging that would collect all the resuspended PCBs and any other particulate matter that would be harmful to our environment.

So I am hopeful that the somewhat troubled marriage between the Army Corps and EPA could work out this problem. As I understand it the EPA suspended dredging of the economically necessary harbor. And I would like to see you move forward to resolve that conflict as rapidly as possible.

So my question is to Lieutenant General Van Antwerp, do you have the necessary technology and funding and capability to dredge the harbor in an environmentally safe manner as requested by the EPA, and if not, can you obtain it? And finally, is it already too

late in the season to let out contracts that could get this job done as rapidly as possible and on schedule?

Ms. JOHNSON. I am going to ask that we recess. We have three votes. We have less than 5 minutes. And if you will—you will have time to get your answer for him. We will be back as soon as we can.

Mr. KAGEN. You get time to think this one over.

[Recess.]

Ms. JOHNSON. The meeting will come to order, and I will recognize Mr. Kagen.

Mr. KAGEN. Thank you, again, Madam Chairwoman.

And thank you again for coming to testify before the Water Resources Subcommittee. Before we were breaking for votes, we were having a conversation about the harbor in Green Bay, and perhaps Lieutenant General Van Antwerp, which in Dutch means from Antwerp, maybe you can continue.

General VAN ANTWERP. Congressman, thank you.

As I heard, there were three issues. One, do you have the technology to do the dredging in the Superfund area? The answer to that is yes. Now, whether the dredges that are currently dredging have that or it has to be different, we are going to find that out. That is still a due out to you. What are the incremental costs from doing the maintenance dredging to doing this dredging? We give a rough estimate of about \$6 million to do that other part, \$5 million to \$6 million. We have \$6 million already for the maintenance dredging. So it about doubles the cost to do the handling, because you also got to handle the disposal of the material. And then the final thing is the window, the when. And we owe you an answer on that when. And it will depend on, what is the most efficient way to do this dredging? So we owe that back to you.

Mr. KAGEN. Do you have a date when you can tell me when?

General VAN ANTWERP. I will commit to getting back with your office within a week to give you either an update or hopefully the when we could do that. Would that be acceptable?

Mr. KAGEN. That would be great. Thank you very much.

And how many jobs are associated with that dredging, and do you subcontract that out?

General VAN ANTWERP. The dredging is subcontracted. We have a couple of Corps dredges, but they are reserve fleet. Most of our dredging is done by contract, and so there are jobs associated with that.

Mr. KAGEN. And notwithstanding any other Congressman or woman's districts or their needs, would you agree to move the harbor of Green Bay up to one of your top priorities to get them on the job and dredging as rapidly as possible?

General VAN ANTWERP. I would say we already are doing—I have got to find out if we started it or when we are going to do it, the outer harbor. But we are already committed to doing that part. And had we not had this little stoppage, we would have been doing the Turning Basin, too. So our commitment is to get there as quickly as we can with what we have. The dredges are used always, because that is how they make the best use of them, is if they are working all the time.

Mr. KAGEN. And do I have confirmation from the EPA as well along these lines that you will agree?

Mr. PERCIASEPE. You have my commitment we will put the resources necessary into this process to make sure we get the decisions that are needed to get this taken care of. We have these dual needs here. One is to get the navigation going and get it upgraded, and. The other one is, now that we know about PCBs in some of the material, to make sure that we handle it properly for the citizens that live near the harbor, and the fish, of course, and the fish that they eat. So we are ready to go. We will put the resources into it.

Mr. KAGEN. So we have an agreement that you are going to get her done as quickly as possible.

Mr. PERCIASEPE. Yes.

Mr. KAGEN. And we will have a healthy economy and healthy people as a result.

Let me ask you about the health of the budget that you are recommending. As I understand it, the Great Lakes Restoration Initiative is at \$300 million, and there might be a carryover of \$75 million that might also be available. Is that sufficient to meet the needs of the responsibilities you have in front of you?

Mr. PERCIASEPE. Well, you know, the long-term needs, obviously, are much greater than \$300 million. But looking at the start-up of the programs we have underway, the RFP process that is out there and sort of the lag that we will have going down the road is we want to make sure we pick the right projects and get results on the ground, we think that that is a comfortable number to work within.

Mr. KAGEN. Very good. I yield back my time.

Thank you Madam Chairman.

Ms. JOHNSON. Thank you very much.

Mr. Cao.

Mr. CAO. Thank you very much Madam Chair.

Mr. Perciasepe, is that correct?

I was visiting a tugboat company down in New Orleans, maybe a month ago, and they were conveying to me a concern that they have. At the present moment, the EPA regulations require that rainwater falling on these boats must be collected. Is that correct? And what is the economic impact of such a requirement?

Mr. PERCIASEPE. I am sorry, Congressman, I am not familiar with an EPA requirement to collect rainwater on ships. I am not saying that there isn't one; I just am not personally familiar with it.

I am sorry, I don't know that we have any regulation like that.

Mr. CAO. Because that was a concern that was conveyed to me by the operators of the ships.

Mr. PERCIASEPE. We definitely have requirements on the diesel engines for emissions, particularly in harbor areas where a lot of people live, just like we do with trucks and other vehicles that use diesel engines. But in terms of rainwater falling on a tugboat, I am hesitant to say that we don't have any, but I do not know of any that we would have.

Mr. CAO. What about spraying and washing?

Mr. PERCIASEPE. That is possible, washing. I don't like to do this, but I am going to have to tell you, I am going to have to find out

the details on this and get back to you, but I do not know of any on rainwater. Now, maybe there is something with washing.

Mr. CAO. I know that there have been reports of eight deaths that might have contributed to Chinese drywall. Are you familiar with the issue at all?

Mr. PERCIASEPE. Yes, Congressman, I am generally familiar with the issue. And the Consumer Product Safety Commission is obviously looking into this in a detailed way. EPA has done some testing of some of this drywall for them, both in Louisiana and in Florida. I heard this morning actually in a meeting with the Florida delegation that there is some new information that the Centers for Disease Control, I think, or some other health organization, has prepared. And we told the Florida delegation this morning that we would get that information and see if it has any bearing on how EPA interacts with the Consumer Product Safety Commission, who currently has the lead on dealing with this issue. So I am going to get that information along with the administrator as soon as we can. I think it was the Centers for Disease Control that was mentioned. And that may be where that information about the perhaps deaths attributed to issues that might be attributed to the drywall.

Mr. CAO. Thank you very much.

Secretary Darcy and General Van Antwerp, I know that after speaking with the Louisiana Coastal Protection and Restoration, they were telling me that, with respect to the PPA they would sign the agreement if some of these issues are addressed. And one, is there must be some opportunity for the State to concur or approve the design of the permanent solution for an outfall canal as determined by their design build contractor. That is one. Two, an agreement to perform peer review on the designs for all three outfall canal solutions, the 17th Street canal, London Avenue and Orleans. And three, a provision that requires that option-neutral features be constructed while concurrently addressing the next criteria, which is an agreement to evaluate all options on the outfall canals, as identified in the reports to Congress pursuant to Section 4303 of the Emergency Supplemental Appropriations Bill.

So those are some of the conditions that they presented to me to present to you for your discussions with the State. I would ask that your staff look into that, and hopefully, an agreement can be reached with the State so that we can build these permanent pumps, something that, General Van Antwerp, you alluded to yesterday as being desperately needed in preparation for the coming hurricane season.

And my next question to you is concerning the comprehensive plan for a Category 5 hurricane protection for south Louisiana. According to the fiscal year 2006 Energy and Water Appropriations Bill and the Third Emergency Supplemental Appropriations Bill, Congress required the Corps to develop a multi-approach plan to provide up to Category 5 hurricane protection for south Louisiana.

The final report was to be submitted to Congress within 2 years of enactment, which was December of 2007. Section 7014 of order 2007 directs the Corps to provide specific project recommendations as part of the report. This report has not yet been presented to

Congress. Can you tell us as to when you are going to provide this report?

Ms. DARCY. I think you are referring to the LA CPR Report, Congressman.

Mr. CAO. Oh, this is a report concerning the comprehensive plan to provide south Louisiana with Category 5 protection.

Ms. DARCY. We are currently—we have asked the state to comment on this report, the LA CPR report, and we are waiting their comments on it. We submitted it to them I think in the fall when I first got in the job, so I think it was in the fall. So we are waiting to hear back from the state on their comments on the report.

Mr. CAO. Thank you very much.

I yield back. I see that I am out of time.

Thank you.

Ms. JOHNSON. Thank you very much.

Congresswoman Norton.

Ms. NORTON. Thank you, Madam Chairman. I appreciate this hearing to clarify the budget matters before us. I would like to ask a question. I suppose it should go to Lieutenant General Van Antwerp. We work very closely, of course, with the Corps and have a very good relationship with the Corps. I would like to ask you a few matters having to do with your work here in the Nation's Capital.

You are aware that one of the few, if only, residential sites was a Formerly Used Defense site where there was, toxic emissions unbeknownst to the community in one of our neighborhoods is now being cleaned up. It is the Spring Valley neighborhood in Northwest, Washington. Each time the Corps is before me, given the clear danger to residents, given that this would never have been done if the District, it seems to me, at the time it had home rule, it was a Federal city with nobody who was a mayor or city council to even respond to the Federal Government, we were just used as a FUD site, as if we were someways way out in the desert.

The community has been very cooperative because the Corps has worked closely with my office and with the community. Army—I am sorry, Colonel Anderson, the commander of this district, has indicated to me that whatever happens to your funds, the money for the clean-up will be there for Spring Valley; that it is a top, top priority because of the nature and the circumstances. And I would like to have that assurance from you as well.

General VAN ANTWERP. Congresswoman, you have my assurance. I have spoken to Colonel Dave Anderson, our commander of the Baltimore district. I have been to the site myself and seen the great pains being taken to do this right and am aware of the public meetings and things to go to try and keep the community informed. It is really tough when this is in your backyard. So you have my commitment.

Ms. NORTON. I so appreciate that. And I very much appreciate that you are going to the site. I am going to the site in a few weeks to see the place where they will destroy the munitions, and appreciate the transparency that we now have that you worked with us to achieve. I also appreciate that, as I understand it now, the money that the District put in for the Potomac levy having nothing to do or very little to do with the District of Columbia, but with

the required levy covering mostly with the Mall, Federal Triangle and other Federal properties. That full funding will be available to complete that work, is that true, sir?

General VAN ANTWERP. Ma'am, the answer to that is yes.

Ms. NORTON. Thank you. That is all I need to know on that one. Yes is the best answer before this Committee.

Finally, I had the bill that passed in 2007, the Anacostia Watershed Restoration Initiative. The Corps has been working on the Anacostia River long before I came to Congress, and almost everything that is done on it has been because the Corps was working on what we call the forgotten river, unlike the Potomac. Of course, it extends well beyond the District, but we are the bottom of it and get all the worst trash.

My bill is the first comprehensive clean-up plan for the Anacostia River, once called the dirtiest river in America. You are to issue a 10-year comprehensive plan. We have already seen a first draft. In April, I will come to that kick-off of the plan. And I would like to inquire about what happens next. The Corps is essentially the coordinating mechanism. We do expect, of course, that, and there are other agencies involved, the EPA Administrator, Secretary of the Interior, and of course the mayors and the Governors of the affected jurisdictions here in Maryland, Virginia and the District of Columbia. Now, together they are supposed to develop a plan.

Will the master plan have a road map for funding since nobody is going to do this for free, and we expect that the local jurisdictions will have to have a part in this ongoing work as well?

General VAN ANTWERP. Yes, ma'am.

The master plan will have not only the plan for what needs to be done but also a relative sketch of the timing and the costs associated with that. And then we will include whether there is additional authorization or appropriation required; what is the local cost share? All that will be in the comprehensive master plan.

Ms. NORTON. That could not be more important. We are not going to be able to hold everybody accountable, and they all are responsible unless we go forward and don't shirk at the cost so that everybody knows that they are in this together.

Thank you very much for your work and thank you for appearing here today.

Thank you Madam Chair.

Ms. JOHNSON. Thank you very much.

I think Mr. Kagen has asked to have more time for questions.

Mr. KAGEN. Thank you, Madam Chairwoman.

Now off the subject of dredging, which should be an uplifting conversation, to the idea of directing some of the Great Lakes Initiative funds towards the PCB removal, both in Green Bay Harbor region, in the mouth of the Fox River, and also in the Fox River itself. And I would like to entertain your answers to that request.

Mr. PERCIASEPE. The approach that we are taking with a large amount of the funds that were provided to EPA is actually to put out requests for proposals to deal with some of the problems. And it will be a process where we will review the proposals probably this April and make awards. I will look into whether or not—and I am pretty positive—I am positive that a restoration of harbors would be part of the eligibility there.

Mr. KAGEN. I appreciate the eligibility, and you are already aware of the complicated situation.

Mr. PERCIASEPE. Certainly.

Mr. KAGEN. And the legal matters that may tie up the removal of PCB for quite some time. But I would like to get your commitment to the idea that both Senator Kohl and I have, and also Senator Feingold, that we would appreciate it if you would direct some of those revenues towards the immediate and urgent removal of the PCBs. And as a physician, I can just remind everybody that PCBs are a known and proven carcinogen, in particular for breast cancer. And if you look across the State of Wisconsin, the single hotspot for breast cancer incidence and mortality is the very hotspot where the PCBs are located in the Fox River.

So I think for the health of our people and the health of our economy, I think you would agree with me how important it is to receive the appropriate remedies and funding for it as rapidly as possible.

Lieutenant General, do you have any thoughts on this? Want to help the EPA out here?

General VAN ANTWERP. We would be glad to give them strong support.

Mr. PERCIASEPE. It is definitely a priority to clean up those hotspots throughout the Great Lakes. And your district is no different. We definitely want to move ahead there.

Mr. KAGEN. I look forward to our staff working with you to appropriate the necessary funding to get the job done, and thank you very much.

I yield back my time.

Ms. JOHNSON. Thank you very much.

I have one final question, Mr. Perciasepe.

In February of this year, the EPA Office of the Inspector General implemented one of the programs dealing with green reserves on the Recovery Act as they pertain to the clean water, the State's revolving fund. In that report the IG recommended that the agents develop a clear and comprehensive guide to States on how to determine the eligibility of green reserve projects. If you don't want to comment fully, we can get the response later. I know you are here for the budget. Can you tell me whether or not the EPA agrees with it, and if they have started to work on it?

Mr. PERCIASEPE. Just to clarify, this was under the Recovery Act funds that went into the SRF. Well, it turns out that we recognize and didn't disagree with some of the issues that the Inspector General definitely identified. But as we got to the end of having all the funds get under contract by February 17th, all \$6 billion that was provided to EPA through these SRF funds is now under contract. And we had a goal there established by Congress to achieve about a 20 percent usage of those funds in each State for green infrastructure. And it looks like all States are able to meet that goal, and some have gone as high as 25 percent. And there are a number of really good and innovative projects around the country that have been funded through that initiative that Congress put in the Recovery Act. So while we definitely did agree with some of the findings that the IG had we were obviously also on a fast track to get funds out. But as it turns out, at the end, we had a successful conclusion

with a good result and more than 20 percent of the funds going to green infrastructure nationally.

Ms. JOHNSON. Thank you. Mr. Boozman.

Mr. BOOZMAN. Thank you, Madam Chair.

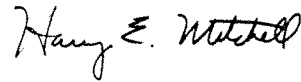
I don't have any more questions. We might have a couple that we might submit in writing if that is OK. We do appreciate you being here, and we do appreciate your hard work. I know that you all are underfunded and you have got lots of different things going on and are doing your very best to really deal with a lot of significant problems. And we have an oversight role, but we also have a role of trying to help you do your mission, and we do appreciate you very, very much. Thank you.

Ms. JOHNSON. Thank you very much. And let me express my appreciation for you coming, for the work that you do, and the work that you have planned to do. Thank you.

The Committee is now terminated.

[Whereupon, at 12:15 p.m., the Subcommittee was adjourned.]

Statement of Rep. Harry Mitchell
House Transportation and Infrastructure Committee
Subcommittee on Water Resources and Environment
3/4/10



--Thank you Madam Chairwoman.

--Among other things, today we will examine the President's budget request for the Environmental Protection Agency, including its Superfund Program, a program that is especially important to constituents in my district.

--They, like me, have been concerned about the North Indian Bend Wash Superfund site in Scottsdale, which, experienced a terrible failure in 2008.

--Residents were informed that they had been exposed to water containing more than four times the permissible concentration of trichloroethylene, "TCE", a suspected cancer causing chemical.

--A 3-day tap water ban was put into effect. Residents began lining up for bottled water, and businesses began scrambling for ice.

--Even more disturbing, the source of the emission was the same facility that was found to have emitted impermissibly high levels of TCE for a period of 8 days just 3 months earlier.

--I have been working closely with the EPA on this issue since it first arose.

--As we consider the President's budget request for the EPA Superfund Program, I hope we will provide it with the resources it needs to resolve this long vexing problem.

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DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

HONORABLE JO-ELLEN DARCY
ASSISTANT SECRETARY OF THE ARMY
(CIVIL WORKS)

BEFORE

THE SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE ARMY CIVIL WORKS PROGRAM
FISCAL YEAR 2011

MARCH 4, 2010

Madam Chair and distinguished members of the Subcommittee, thank you for the opportunity to present the President's Budget for the Civil Works Program of the Army Corps of Engineers for Fiscal Year (FY) 2011.

OVERVIEW

The FY 2011 Budget supports four principal objectives:

- Focus on the construction of those high performing projects that provide the best return from a national perspective in contributing to the economy, restoring aquatic ecosystems, and reducing risks to human safety;
- Support future capital investments for the inland waterways by proposing that Congress enact a new funding mechanism to raise the revenue needed to meet the authorized 50 percent non-Federal cost-share in a way that is efficient and equitable;
- Advance aquatic ecosystem restoration efforts, including restoration of Florida's Everglades, the California Bay Delta, and the Louisiana coast, as well as continuing to meet the requirements of the Endangered Species Act, particularly in the Columbia River and the Missouri River Basins; and
- Within the O&M program, give priority to investments in the operational reliability, safety, and availability of key existing Civil Works infrastructure.

The Budget focuses funding for development and restoration of the Nation's water and related resources within three main Civil Works program areas: commercial navigation, flood and coastal storm damage reduction, and aquatic ecosystem restoration. Additionally, the Budget supports hydropower, recreation, environmental stewardship, and water supply services at existing water resources projects owned or operated by the Corps. Finally, the Budget provides for protection of the Nation's regulated waters and wetlands; cleanup of sites contaminated as a result of the Nation's early efforts to develop atomic weapons; and emergency preparedness and training. The Budget does not fund work that should be the responsibility of non-Federal interests or other Federal agencies, such as wastewater treatment and municipal and industrial water treatment and distribution.

FY 2011 DISCRETIONARY FUNDING LEVEL

The total new discretionary funding of \$4.939 billion in the FY 2011 Budget will keep the Civil Works program moving forward to help revitalize the economy and provide for restoration and stewardship of the environment. The Budget also proposes cancellation of the unobligated balance of funding previously provided in the Mississippi River and Tributaries account for construction of the Yazoo Pumps project.

In keeping with President Obama's decision to constrain the overall level of non-security discretionary spending, the level of funding for the Civil Works program in the 2011 budget is a reduction from both the 2010 budget and the enacted 2010 appropriations. However, the 2011 funding level reflects a practical, effective, and a sound use of the Nation's resources and focuses on key investments that are in the best interest of the Nation.

Within the \$4.939 billion total, \$1.69 billion is budgeted for projects in the Construction account, and \$2.361 billion is budgeted for activities funded in the Operation and Maintenance (O&M) account.

The FY 2011 Budget also includes \$104 million for Investigations; \$240 million for Flood Control, Mississippi River and Tributaries; \$30 million for Flood Control and Coastal Emergency; \$193 million for the Regulatory Program; \$130 million for the Formerly Utilized Sites Remedial Action Program; \$185 million for the Expenses account; and \$6 million for the Office of the Assistant Secretary for Civil Works.

The FY 2010-2014 Five Year Development Plan (FYDP) was recently provided to the relevant Committees of Congress. Projections in the FYDP are formula driven. They do not represent budget decisions or budget policy beyond FY 2010, but they can provide perspective on the Army Civil Works program and budget.

NEW INVESTMENTS IN FY 2011

The Civil Works budget includes two construction new starts and several other new initiatives in the Investigations and O&M accounts.

In the Construction account, the budget includes \$19 million for a new start for construction of projects under the Louisiana Coastal Area program. These funds will be applied to construct authorized restoration projects with reports that have favorably completed Executive Branch review. The budget also includes \$10 million to initiate a nonstructural flood damage reduction project at Onion Creek, Lower Colorado River Basin, Texas.

In the Investigations account, two new national efforts are funded: \$2 million for a Water Resources Priorities Study – a high-priority evaluation of the Nation's vulnerability to flooding. The Investigations account also includes \$500,000 for continued support of the revised Principles and Guidelines to direct future planning for water resources projects, including development of detailed planning procedures to implement the revised Principles and Guidelines.

The O&M program includes \$10 million for a new Global Changes Sustainability program to assess the impacts of climate change on Civil Works projects, update drought contingency plans, enhance Federal collaboration, and increase partnerships with non-

Federal stakeholders and programs. Understanding those impacts will enable the Corps to identify operational and other modifications to anticipate and respond to climate change. Also included in the O&M account is \$3 million to initiate a Coastal Data Information Program to provide long-term coastal wave observations nationwide, to develop tools for using wave and other data for managing coastal sediments, and to support sustainable coastal and navigation projects under a changing climate.

INLAND WATERWAYS USER FEE PROPOSAL

The FY 2011 budget proposes to allocate \$158.1 million for capital investment (construction, replacement, rehabilitation, and expansion of projects) on the inland waterways, of which \$82.3 million would be derived from the Inland Waterways Trust Fund. Last year, the Army submitted proposed legislation to the Congress on behalf of the Administration for a new user fee. That proposal is awaiting action by Congress and is reflected in the FY 2011 budget. In addition, the Army continues to work with the inland waterway stakeholders to explore other possible options to achieve the purposes of this legislative proposal, which are to raise the needed revenue from the commercial users of these waterways and to do so in a way that is efficient and equitable. The Administration has shown flexibility and is working to move the process forward. At this point, however, I would like to emphasize that neither the Corps nor the Army supports, or has accepted or endorsed, any particular out-year schedule or funding proposal for the inland waterways, or any alternative to the lock usage fee legislative proposal that Army submitted to Congress in May 2009.

AQUATIC ECOSYSTEM RESTORATION

The budget places priority on aquatic ecosystem restoration and provides \$180 million for the Corps for the South Florida/Everglades ecosystem restoration program. The budget includes funding for continued construction of five significant restoration projects in this program: Picayune Strand; Site One Impoundment; Indian River Lagoon South; Kissimmee River, and the C-111 (South Dade) project.

The budget also supports work on other major ecosystem-wide initiatives, such as the \$58 million for Corps' ecosystem restoration and other water resources studies and projects in the California Bay Delta, including: Coyote and Berryessa Creeks; Hamilton Airfield Wetlands Restoration; Napa River Salt Marsh Restoration; Sacramento-San Joaquin Delta Islands and Levees; and Santa Ana River Mainstem, a flood and coastal damage risk reduction construction project.

The budget increases funding by 44% over last year's budget for the Lower Columbia River Fish Mitigation project to mitigate the impact of Corps dams on migrating salmon. Nearly \$138 million will be used to construct bypasses, improve fish ladders and for other activities that support salmon habitat. Similarly the budget supports ongoing work on the Missouri Fish and Wildlife Recovery project with \$78 million to construct habitat and

connect floodplains that had been degraded, for the benefit of the endangered pallid sturgeon and other species.

ONGOING PRIORITIES IN THE O&M ACCOUNT

Two particular ongoing activities in the O&M account merit special attention. First, the O&M account includes \$15 million for the expansion of the National Levee Inventory database to include available information on levees of other Federal agencies and all of the states. The Corps will work with stakeholders to facilitate their use of the Database for local levee safety programs. In addition, the Corps will continue development of a levee risk screening and classification process.

The budget for the Cultural Resources program in the O&M account is increased to \$5.5 million to include \$3 million to continue the Veterans Curation Project, which received funding in FY 2009 from the American Recovery and Reinvestment Act (ARRA). The Veterans Curation Project temporarily employs and trains wounded and returning veterans in the curation of archeological and historic properties that have come into the Corps' possession over the years as a result of construction at water project sites around the country, thus advancing the Corps' curation program while providing employment and transferrable skills that improve future employment opportunities of the veterans who work in the labs.

PLANNING IMPROVEMENTS AND PERFORMANCE-BASED BUDGETING

Working through the Chief of Engineers, the Army continues to strengthen and improve the planning expertise of the Corps, including greater support for planning Centers of Expertise, better integration of project purposes, and greater reliability of cost estimates and schedules in both planning and programming processes.

The FY 2011 Budget continues the Army's commitment to a performance-based approach to budgeting for the Civil Works program. Competing investment opportunities for studies, design, construction, and operation and maintenance were evaluated using multiple metrics. The Army used and will continue to use objective, performance criteria to guide its recommendations on the allocation of funds.

The Army applied objective performance guidelines to establish priorities and guide the allocation of funds to high-performing ongoing construction projects and new construction starts. These guidelines focus on those investments within three main mission areas of the Corps that provide the best return from a national perspective in achieving economic, environmental, and public safety objectives. Similarly, the Army used objective performance criteria to allocate O&M funds in the FY 2011 Budget. The O&M criteria consider both the condition of the project and the potential consequences for project performance if the O&M activity were not undertaken in FY 2011.

In FY 2011 the Corps will focus efforts on developing new strategies, along with other Federal agencies and non-Federal project partners, to better manage, protect, and restore the nation's water and related land resources, including floodplains, flood-prone areas, and related aquatic ecosystems. The Corps also will continue to pursue management reforms that improve project cost and schedule performance to ensure the greatest value from invested resources, while strengthening the accountability and transparency of the way in which taxpayer dollars are being spent.

AMERICAN RECOVERY AND REINVESTMENT ACT

The Corps continues the work funded in the ARRA. The Act provided \$4.6 billion for the Civil Works program. That amount includes \$2 billion for Construction; \$2.075 billion for O&M; \$375 million for Mississippi River and Tributaries; \$25 million for Investigations; \$25 million for the Regulatory Program; and \$100 million for the Formerly Used Sites Remedial Action Program. The Corps has allocated ARRA funds to more than 800 projects in 49 states, the District of Columbia, and Puerto Rico, and has completed 42 projects. The ARRA appropriations for Civil Works will create or maintain direct construction industry jobs and indirect jobs in firms supplying or supporting the construction and the businesses that sell goods and services to these workers and their families.

The ARRA-funded Civil Works projects provide important support to the Nation's small businesses in their economic recovery. Of the more than \$2.8 billion of ARRA funds obligated thus far (62% of the total \$4.6 billion), small business awards make up about 74% of the total contract actions and account for about 47% of the ARRA funds obligated.

Projects that received ARRA funds were selected on the basis of their long-term contribution to the Nation and their readiness for execution within the ARRA timeframe. The wide geographic distribution of ARRA funded projects helps to spread the employment and other benefits across the Nation. Funding also is distributed across Civil Works programs, including inland and coastal navigation, aquatic ecosystem restoration, flood risk management, hydropower, and more.

CONCLUSION

The Administration has made rebuilding America's infrastructure a priority. Through resources provided for the Civil Works program in the President's Budget for FY 2011, the Army can help achieve this objective and help support the Nation's economy and environment. The Army is committed to applying 21st century technological advances to present day challenges, while protecting and restoring significant ecological resources.

Madam Chair, Members of the Subcommittee, I am proud to present the FY 2011 budget for the Army Civil Works program. I look forward to working with this Subcommittee in support of the President's Budget. Thank you.

TESTIMONY OF
ROBERT PERCIASEFE

DEPUTY ADMINISTRATOR
U.S. ENVIRONMENTAL PROTECTION AGENCY

BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

March 4, 2010

Chairwoman Johnson, Ranking Member Boozman, and Members of the Committee, thank you for the opportunity to appear before you to discuss the Environmental Protection Agency's proposed budget. Let me first say that I am particularly proud of the Fiscal Year 2011 budget as it reflects President Obama's continuing commitment to providing the environmental protection that keeps our communities healthy and clean and his commitment to fiscal responsibility. Families across America are tightening their budgets; the President has directed us to do the same.

Environmentalism is a conversation that we all must have because it is about protecting people in the places they live, work and raise families. In FY 2011, the Agency is focused on expanding the conversation to include new stakeholders and involve communities in more direct ways. Over the years, EPA has worked to prevent pollution at the source and promoted the principles of responsible environmental stewardship, sustainability, and innovation. EPA works to improve and encourage sustainable practices and help businesses and communities move beyond compliance to become partners in protecting natural resources, managing materials more wisely, reducing greenhouse gas emissions, and improving the environment and public health. Today's

challenges require renewed and refocused efforts to address old pollution and prevent new pollution. The \$10 billion proposed for EPA in the FY 2011 President's budget will support key priorities during this time of fiscal challenges. These priorities are: taking action on climate change; improving air quality; assuring the safety of chemicals; cleaning up our communities; protecting America's waters; expanding the conversation on environmentalism and working for environmental justice; building strong state and Tribal partnerships; and maintaining a strong science foundation.

These themes are aligned with a government-wide effort to identify near term high priority performance goals. For EPA, such goals include reducing Greenhouse Gas emissions, improving water quality, and delivering improved environmental health and protection to our communities. EPA will work toward meeting these goals over the next 18 to 24 months.

Madame Chairwoman and Members of the Committee, let me touch on some of the highlights of this budget and the targeted investments that will protect our health and the environment, and advance creative programs and innovative solutions.

Taking Action on Climate Change & Improving Air Quality

EPA continues to take meaningful, common sense steps to address climate change. Making the right choices now will allow the agency to improve health, drive technology innovation, and protect the environment; all without placing an undue burden on the nation's economy. The budget includes a requested increase of more than \$43 million for additional regulatory efforts

aimed at taking action on climate change. This includes \$25 million for state grants focused on developing technical capacity to address greenhouse gas emissions under the Clean Air Act and \$13.5 million for implementing new emission standards that will reduce Greenhouse Gas (GHG) emissions from mobile sources and for analyzing the potential need for standards under petitions relating to major stationary sources – all through means that are flexible and manageable for business. In addition, \$21 million will support continued implementation of the Greenhouse Gas Reporting Rule to ensure the collection of high quality data.

To improve air quality we'll continue our support of enhanced monitoring and enforcement efforts already underway. We are also requesting \$60 million for state grants to address new and expanded National Ambient Air Quality Standards (NAAQS) as well as air monitoring requirements. Through the Healthy Communities Initiative we will provide \$6 million to improve air toxics monitoring capabilities and address compliance and enforcement issues in communities.

Assuring the Safety of Chemicals

Assuring the safety of chemicals in our products, our environment and our bodies is of utmost concern, as is the need to make significant and long overdue progress in achieving this goal. Last year, the Administrator announced principles for modernizing the Toxic Substances Control Act (TSCA). At the end of 2009, we released our first ever chemical action plans for four groups of substances, and more plans are in the pipeline for 2010. Using our streamlined process for Integrated Risk Information System assessments (IRIS), we will continue strong progress toward

rigorous, peer reviewed health assessments. Additionally, we will continue focus on high-profile IRIS assessments on dioxins, arsenic, formaldehyde, trichloroethylene (TCE) and other substances of concern. We are proposing \$56 million for chemical assessment and risk review, including continued development of chemical management plans, to ensure that no unreasonable risks are posed by new or existing chemicals. Further, this budget invests \$29 million in the continuing effort to eliminate childhood lead poisoning. Specifically, the Agency will implement the Renovation, Repair and Painting (RRP) Rule to address lead hazards created by renovation, repair and painting activities in homes and child occupied facilities with lead based paint. In FY 2011, \$6 million would support national efforts to mitigate exposure to high risk legacy chemicals, such as mercury and asbestos.

Cleaning Up Our Communities

Among our highest priorities in this budget are investments in new and innovative strategies for cleaning up communities, especially to protect sensitive populations, such as children, the elderly, and individuals with chronic diseases. We will continue to focus on making safer, healthier communities. To clean up our communities, we're proposing investments that will get dangerous pollution out, and put good jobs back in.

The President's 2011 budget proposes \$215 million for brownfields, an increase of \$42 million to support planning, cleanup, job training and redevelopment of brownfields properties, especially in underserved and disadvantaged communities. In FY 2011, brownfields grantees are

expected to assess 1,000 properties, clean up 60 properties, leverage 5,000 cleanup and redevelopment jobs, and leverage \$900 million in cleanup and redevelopment funding. EPA encourages community development by providing funds to support community involvement and is adding area wide planning efforts to enhance the positive impacts associated with the assessment and cleanup of brownfields sites. Through area wide planning, particularly by focusing on economically disadvantaged communities suffering from economic disinvestment, brownfields properties can be redeveloped to help meet the needs for jobs, housing, and infrastructure investments that would help rebuild and revitalize these communities, as well as identify opportunities to leverage additional public and private investment. EPA has identified area wide planning as one of its High Priority Performance goals and by 2012, plans to have started 20 Brownfields area wide planning projects as part of the Agency's efforts to serve economically disadvantaged communities. EPA will also provide funding for assessment and cleanup of underground storage tanks and other petroleum contamination on brownfields sites.

This budget proposes \$1.3 billion for Superfund cleanup efforts across the country. We will continue to respond to emergencies, clean up the nation's most contaminated hazardous waste sites, and maximize the participation of liable and viable parties in performing and paying for cleanups. EPA will initiate a multiyear effort to integrate and leverage our land cleanup authorities to address a greater number of contaminated sites, accelerate cleanups, and put sites back into productive use while protecting human health and the environment. The new Integrated Cleanup Initiative represents EPA's commitment to bring more accountability, transparency and progress to contaminated site cleanups. As a first step, EPA has committed to a new publicly reported performance measure in FY 2011 which will track the number of

Superfund Remedial Action Project completions. This new measure will augment EPA's site wide construction completion measure and provide data help improve program management and provide communities with additional site information.

In FY 2009, EPA completed remedy construction at 20 sites throughout the country. The FY 2011 target for construction completions is 25. To date, cleanup construction has been completed at 1,082 NPL sites, which represents 67 percent of sites listed on the NPL. In addition, the Superfund removal and emergency response program conducted 368 EPA-lead and responsible party removal cleanup actions in FY 2009. The FY 2011 target for removal actions is 340. The Superfund program also continues to prepare for future cleanup efforts and in FY 2009 the Agency listed 20 new sites on the NPL and proposed an additional 23 new sites.

Finally, EPA has continued its effort to efficiently utilize every dollar and resource available to clean up contaminated sites and to protect human health and the environment. In FY 2009, EPA obligated more than \$1.2 billion, including funding from the Recovery Act, regular Superfund program appropriation, state cost-share funding, and potentially responsible party settlement funding for the Superfund Remedial program. Approximately \$965 million of the FY 2009 Superfund Remedial resources were used to conduct cleanup construction and post-construction work at Superfund sites, which included more than \$247 million to begin construction on 26 new Superfund projects at 26 NPL sites. EPA funded all of the projects that were ready for new construction funding in FY 2009.

The FY 2011 budget also provides \$18.5 million for EPA's oil spill program. The oil spill program is designed to protect inland waterways through oil spill prevention, preparedness, and enforcement activities associated with the more than 600,000 non-transportation related oil storage facilities that EPA regulates. EPA and the U.S. Coast Guard evaluate thousands of spills annually to determine if assistance is required. On average, EPA either manages the oil spill response or oversees response efforts of private parties at approximately 250 to 300 sites per year.

This budget also requests \$27 million for a Healthy Communities Initiative which covers clean, green, healthy schools; community water priorities; sustainability and the air toxics monitoring in at risk communities I mentioned earlier. This initiative includes an increase of \$5 million for Smart Growth work, including the Interagency Partnership for Sustainable Communities with the Departments of Transportation and Housing and Urban Development. The Smart Growth program works with federal partners and stakeholders to minimize the environmental impacts of development.

This relatively modest investment in healthy communities will make real, measurable, improvements in a small number of pilot communities. In addition, the strategies that will be developed could be used in communities across the nation.

Protecting America's Waters

Protecting America's waters is a top priority and EPA has an ambitious vision for the nation's waters in the years ahead. Water quality has tremendous impacts on quality of life, on economic potential, and on human and environmental health. EPA and states began significant increases in public health and protection by placing under contract \$6 billion in new water and wastewater infrastructure projects within one year, meeting the requirements of the American Recovery and Investment Act. In FY 2011, the Federal government continues its commitment to upgrading drinking water and wastewater infrastructure with a substantial investment of \$2 billion for the Clean Water State Revolving fund and \$1.3 billion for the Drinking Water State Revolving Fund. EPA, the states, and community water systems will build on past successes while working toward the FY 2011 goal of assuring that 91 percent of the population served by community water systems receives drinking water that meets all applicable health based standards. EPA's partnership investments will allow states and tribes to initiate approximately 800 clean water and 500 drinking water projects across America, representing a major federal commitment to water infrastructure investment. These investments of over \$14 billion since fiscal year 2009 send a clear message to American taxpayers that our water infrastructure is a public health and environmental priority.

The FY 2011 budget request supports national ecosystem restoration efforts; \$300 million is requested for the Great Lakes, the largest fresh surface water system in the world. This multiagency restoration effort represents the Federal government's commitment to significantly advance Great Lakes protection, with an investment of over \$775 million over two years. The focus is on addressing critical environmental issues such as contaminated sediments and toxics,

nonpoint source pollution, habitat degradation and loss, and invasive species, including Asian carp.

We're requesting \$63 million for the Chesapeake Bay program including increased funding to implement President Obama's Chesapeake Bay Executive Order. We are accelerating implementation of pollution reduction and aquatic habitat restoration efforts to ensure that water quality objectives are achieved as soon as possible. A centerpiece of EPA's FY 2011 Chesapeake Bay activity is the implementation of the nation's largest and most complex Total Maximum Daily Load (TMDL) for the entire Bay watershed. The TMDL will involve interstate waters and the effects on water quality from the cumulative impact of more than 17 million people, 88,000 farms, 483 significant treatment plants, thousands of smaller facilities, and many other sources in the 64,000 square mile watershed

In addition, the budget request includes \$17 million for the Mississippi River Basin. EPA will work with the Department of Agriculture and states to target nonpoint source reduction practices to reduce nutrient loadings. EPA will also work with other Federal partners to target two high priority watersheds in the Mississippi River Basin to demonstrate how effective nutrient strategies and enhanced partnerships can address excessive nutrient loadings that contribute to water quality impairments in the basin and, ultimately, to the hypoxic conditions in the Gulf of Mexico.

The budget request includes \$5 million to significantly reduce the harmful effects of Appalachian surface coal mining operations. EPA will continue to implement the Interagency

Action Plan with the Department of Interior and the Army Corps of Engineers EPA's goal is to ensure that Americans living in coal country are protected from environmental, health, and economic impacts. Our role, along with that of the Army Corps of Engineers, is to ensure that mining companies avoid environmental degradation and protect water quality so that Appalachian communities don't have to choose between jobs and their health.

Expanding the Conversation on Environmentalism and Working for Environmental Justice

We have begun a new era of outreach and protection for communities historically underrepresented in environmental decision making. We are building strong working relationships with tribes, communities of color, economically distressed cities and towns, young people and others, but this is just a start. We must include environmental justice principles in all of our decisions. This is an area that calls for innovation and bold thinking, and the Administrator is challenging all of our employees to bring vision and creativity to our programs. The protection of vulnerable subpopulations is a top priority, especially with regard to children. Our revitalized Children's Health Office is bringing a new energy to safeguarding children through all of our enforcement efforts. We will ensure that children's health protection continues to guide our path forward. The increased Brownfields investments I mentioned will target underserved and economically disadvantaged neighborhoods – places where environmental cleanups and new jobs are needed.

We're also proposing \$9 million for Community Water Priorities in the Healthy Communities Initiative; funds that will help underserved communities restore and benefit from their urban waterways and address water quality challenges. EPA will provide grants to local partnerships to advance community efforts to restore urban waters and demonstrate innovative approaches. EPA will also lead a Federal interagency working group to improve communities' access to resources, promote effective coordination, and support on-the-ground projects.

Furthermore, the FY 2011 President's Budget includes approximately \$615 million for EPA's enforcement and compliance assurance program. This request reflects the Administration's strong commitment to vigorous enforcement of our nation's environmental laws and ensures that EPA will have the resources necessary to maintain a robust and effective criminal and civil enforcement program and pursue violations that threaten vulnerable communities.

Building Strong State and Tribal Partnerships

Another hallmark of this budget is strengthening our state and tribal partnerships. The budget requests \$1.3 billion in categorical grants for state and Tribal efforts. State and local governments are working diligently to implement new and expanded requirements under the Clean Air Act and Clean Water Act. New and expanded requirements include implementation of updated National Ambient Air Quality Standards (NAAQS), for the first time addressing Greenhouse Gas (GHG) emissions, and addressing growing water quality issues, such as nutrient pollution. This increase includes the \$25 million for greenhouse gas permitting activities already

mentioned, as well as increases of \$45 million for core work under air quality management grants and \$15 million for air monitors, all of which I mentioned previously.

We are also requesting \$274 million, a \$45 million increase over 2010, to help states enhance their water quality pollution control programs. This investment will strengthen state core programs including implementation and enforcement of National Pollutant Discharge Elimination System regulatory requirements. It will also further enhance state monitoring programs by providing funding for doing statistically-valid surveys and reporting on water quality conditions.

The request also includes increased support for our Tribal partners. In order to help tribes move beyond capacity building to implementation of their environmental programs, \$30 million is budgeted for a new competitive Tribal Multimedia Implementation grant program. These grants are tailored to address an individual tribe's most serious environmental needs through the implementation of Federal environmental programs, and will build upon the environmental capacity developed under the Tribal General Assistance Program (GAP). To further enhance tribal capacity, this budget also includes an additional \$9 million for GAP grants for a total of \$71 million. GAP grants develop capacity to operate an environmental program, and support a basic environmental office or circuit rider that can alert the tribe and EPA to serious conditions that pose immediate public health and ecological threats.

Maintaining a Strong Science Foundation

In FY 2011, the range of research programs and initiatives will continue the work of better understanding the scientific basis of our environmental and human health problems. We are requesting a science and technology budget of \$847 million to enhance – among other things – research on endocrine disrupting chemicals, air quality monitoring, and e-waste and e-design.

We are requesting \$10 million for green infrastructure research, more than doubling funding for this program. We will focus on urban watershed management practices and on the performance and costs of those practices. We are also more than doubling our research investment in hydraulic fracturing. This request of more than \$4 million is for research on the potential risks to water resources associated with hydraulic fracturing, which Congress has urged EPA to conduct.

It's important to highlight that most of the scientific research increase will support additional Science to Achieve Results (STAR) grants and fellowships to make progress on these research priorities and leverage the expertise of the academic research community. The \$26 million increase for STAR includes \$6 million for STAR fellowships in support of the President's priority for Science, Technology, Engineering, and Math (STEM) investments. This reflects a near doubling of the STAR fellowships program. This budget also supports the study of computational toxicology, and other priority research efforts with a focus on advancing the design of sustainable solutions for reducing risks associated with environmentally hazardous substances.

These are the highlights of a budget that reduces costs while strengthening American communities and boosting the green economy. Responsible, targeted investments will protect

our health and the environment, advance creative programs and innovative solutions, and help build a new foundation for our prosperity. Thank you again for inviting me to testify today and I look forward to answering your questions.

Questions for the Record Submitted by Representative Boozman

COMPLIANCE ASSISTANCE AND INCENTIVES

Boozman Question 1: EPA is proposing to substantially increase the funding of its enforcement programs, but is proposing to zero out the Agency's Compliance Assistance Program, which provides information to millions of regulated entities to help them understand and meet their environmental regulatory obligations. Does EPA no longer value and recognize the importance of compliance assistance and incentives? Does this signal a new, more heavy-handed approach to EPA enforcement?

Answer: The budget for the Compliance Assistance and Compliance Incentives programs has not been eliminated; rather the resources for these activities have been consolidated into our Civil Enforcement and Compliance Monitoring accounts. We believe this consolidation will put the emphasis on outcomes - allowing us more flexibility in devising tailored approaches to address the unique characteristics of individual cases. The proposed resource consolidation does not alter our commitment to maintaining effective and robust Compliance Assistance and Compliance Incentives programs, but should result in a more nimble and vigorous program that uses all of our tools most effectively.

The Agency will continue to rely on the Compliance Assistance and Compliance Incentives programs as vital parts of an integrated strategy that uses all of our enforcement tools (monitoring, assistance, incentives, and traditional enforcement approaches) to improve compliance with environmental laws and vigorously pursue pollution problems that matter most to communities. Our experience has shown that this integrated approach, focused on the most significant environmental threats, achieves the greatest level of deterrence and best environmental outcomes.

INFRASTRUCTURE MAINTENANCE

Boozman Question 2: At previous hearings, witnesses have told us that one of the reasons that we have a big infrastructure problem is that communities have not maintained their infrastructure and do not have a plan for replacement. What is EPA doing to ensure that communities are effectively managing their assets?

Answer: EPA has been working with a broad network of partners to bring about changes to the way water infrastructure is managed and to institutionalize practices that will lead to sustainable systems.

One of the central efforts to bring about change has been EPA's work with a group of 6 water sector professional associations to develop an overall Effective Utility Management (EUM) approach. EUM is based around the Ten Attributes of an effectively managed utility, a

comprehensive set of outcomes endorsed across the water sector that a utility can pursue to become more sustainable. The EUM partnership has developed a suite of tools to help utilities evaluate their overall strengths and weaknesses and take concrete steps towards improvement.

EPA has projects related to many of the Ten Attributes, but one keystone practice for infrastructure planning is Asset Management (AM), which provides a framework for long term, cost effective planning and investment in infrastructure. To promote AM, EPA has:

- Held 6 to 10 training sessions per year all across the country (since 2005) and made the full two day training course available through on-line modules.
- Created software for medium and small utilities - TEAMS (Total Electronic Asset Management System) and CUPSS (Check Up Program for Small Systems) – and are working with service providers to foster their use.
- Worked with the Water Environment Research Federation (WERF) on the development of the Sustainable Infrastructure Management Program Learning Environment (SIMPLE) which provides an extensive suite of AM tools and literature.
- Produced a suite of fact sheets on AM geared specifically to the needs of small systems
- Partnered with the Federal Highway Administration on case studies for cross sector AM.
- Provided tools and information on rate setting practices which can both link to an AM effort and send a price signal for conservation.

REINSTATEMENT OF SUPERFUND TAX

Boozman Question 3: EPA's 2011 budget proposes to reinstate, starting in 2011, Superfund taxes that expired in 1995, to fund the Superfund hazardous waste site cleanup program. However, the Superfund tax would be levied on many companies and industries, such as financial, insurance, real estate, retail and wholesale trade, and service businesses, which have absolutely no connection to a Superfund site or to any environmental cleanup. Wouldn't reinstatement of Superfund taxes amount to an unwarranted penalty on businesses simply for doing business in the United States, and pose an indirect tax on all consumers? What is the supposed relationship between those who would pay these taxes and the so-called "polluter pays" principle that EPA advocates?

Answer: The Administration strongly supports the "Polluter Pays" principle. Parties should be liable for the cost of cleanups at sites for which they have responsibility, either as an owner, operator, generator, or transporter. Given that many Superfund sites involve historic activity where the environmental contamination became evident years after operations ceased, EPA is often unable to identify all of the parties that bear responsibility for the site or the parties

are no longer financially viable or have a limited ability to pay.

Given that appropriated resources for Superfund are primarily supported by General Revenues from taxes paid by the general public, the reinstated taxes would apply to a more narrowly defined taxable group, consistent with other Trust Funds. Therefore, general taxpayers would no longer shoulder a disproportionate share of funding hazardous waste site cleanup. The reinstated taxes would restore the historic nexus between parties who benefit from the manufacture or sale of substances that commonly contaminate hazardous waste sites and the parties who bear the cost of cleanup when viable potentially responsible parties cannot be identified.

BROWNFIELDS

Boozman Question 4: Since 1995, thousands of brownfield sites have been assessed and well over 2,000 properties have been made ready for reuse. What success has the Brownfields Program had in actually bringing these properties back into productive use?

Answer: EPA provides direct funding to assess and cleanup brownfields sites across the country. The funding facilitates the leveraging of public resources by removing barriers and creating incentives for the reuse of brownfields sites. The Brownfields Program does not have comprehensive information on the total number of sites put back into productive reuse because the reuse often occurs well after the site is assessed and cleaned up and the EPA brownfield grant has been closed. However, the Brownfields Program plans to initiate a study to gather this information and evaluate the number of sites where assessments or cleanups have been conducted that result in property redevelopment. While the program currently does not have specific numbers on the percentage of brownfields sites put back into productive reuse, we do know that the sites where we do have data includes a wide variety of uses. Among the reuses are affordable housing, neighborhood parks and greenspace, waterfront redevelopment/access, mixed-use residential, commercial and industrial parks, schools, and community centers.

Boozman Question 5: How many brownfield sites have actually been cleaned up and put to new use around the nation? At how many of these sites has EPA been involved? Are state voluntary cleanup programs also effective in getting brownfield sites cleaned up and put to new uses?

Answer: Since FY 2003, more than 442 properties have been directly cleaned up using EPA Brownfields funds. Of those properties, 287 (more than 3,000 acres) have been made ready for reuse. Of that total, 94 properties are ready for greenspace use, 53 properties are ready for residential use, 114 properties are ready for commercial use and 26 properties are ready for industrial use. The cleanup and redevelopment of some of these properties has leveraged more than \$132 million in economic activity and helped generate 382 jobs as reported by the fund recipients in EPA's Assessment Cleanup and Redevelopment Exchange System (ACRES).

State voluntary cleanup programs and Tribal response programs continue to be instrumental in brownfields cleanup and redevelopment. The increasing number of properties entering into voluntary response programs emphasizes the state and Tribal role in brownfields cleanup. CERCLA 128(a), as amended, authorizes a noncompetitive \$50 million grant program to establish and enhance state and Tribal response programs. EPA administers and awards these resources and accepts requests for funding on an annual basis. One of the activities that CERCLA 128(a) recipients are required to do is to maintain and update, at least annually or more often as appropriate, a public record of sites that includes the name and location of sites at which response actions have been completed during the previous year. In addition, these recipients may use an incidental portion of the CERCLA 128(a) funds for site-specific activities such as conducting assessments or cleanups at brownfields sites.

Since FY 2006, more than 108 properties have been directly cleaned up by state voluntary cleanup programs and Tribal response programs using CERCLA 128(a) funding. Since FY 2006, accomplishments that states and Tribes have reported to EPA on CERCLA Section 128(a) activities related to their response programs include:

- Enrollment of more than 45,000 properties in response programs annually;
- Completion of more than 40,000 cleanups which include the more than 108 properties directly cleaned up using CERCLA 128(a) funding under the activities of state and Tribal response programs, with all required institutional controls (ICs) in place; and
- More than 469,600 acres now ready for reuse through state and Tribal response programs.

Questions Submitted for the Record by Representative Johnson

DISCHARGES FROM LANDFILL IN PERRY COUNTY, ALABAMA

Johnson Question 1: During the question and answer period of the hearing, I asked about potential illegal discharges coming from the landfill in Perry County, Alabama that is being used to store coal ash from the Tennessee Valley Authority's Kingston coal ash spill. This Subcommittee has held several hearings on TVA's Kingston coal ash spill and on the ongoing response and cleanup activities. The Subcommittee recently received a letter from the resident of Tuscaloosa, Alabama, expressing concern about potential illegal discharges coming from the landfill in Perry County, Alabama, that is being used to store coal ash removed from the Kingston spill. Most alarming is the concern that water quality samples taken near the landfill seem to show arsenic at unsafe levels that may be emanating from the landfill. Complaints from residents have been filed with both the Alabama Department of Environmental Management and EPA Region 4. But so far, both Alabama and Region 4 have declined to conduct adequate investigations of these complaints or take samples of the landfill's discharges. Can the Subcommittee have a commitment from EPA to follow-up on this allegation, and ensure that a proper investigation of this letter is undertaken by EPA?

Answer: The U.S. Environmental Protection Agency (EPA) has been actively investigating these allegations in close coordination with the Alabama Department of Environmental Management (ADEM). ADEM is approved to implement the Resource Conservation and Recovery Act (RCRA) Subtitle D program for the State of Alabama. EPA does not provide direct oversight of this program, and all inspections to document landfill operations are conducted by ADEM. Nevertheless, EPA and ADEM have taken a number of specific actions in response to issues and concerns raised relative to operation of the Perry County Associates Landfill (PCA Landfill).

First, ADEM conducted a Solid Waste Landfill Inspection at the PCA Landfill on January 4, 2010, and followed up with a National Pollutant Discharge Elimination System (NPDES) Stormwater Compliance Inspection of the facility on January 6, 2010. As stated in their Solid Waste Landfill Inspection Report, ADEM did not observe any unauthorized discharge.

EPA Region 4's RCRA Division has conducted four site visits of the PCA Landfill in conjunction with ADEM (July 14, 2009, August 19, 2009, December 02, 2009, and January 29, 2010). Additionally, EPA Region 4 and ADEM conducted a joint Stormwater Compliance Inspection of the PCA Landfill on February 22-23, 2010. ADEM's March 11, 2010, report of this inspection is attached (Attachment A). During the Stormwater Compliance Inspection, EPA personnel did not observe any evidence of illegal discharge to Chilatchee Creek. However, EPA did observe minor stormwater management issues at the site. EPA consider these minor violations of the NPDES stormwater permit and has verbally informed the PCA landfill of these issues. EPA will require the PCA Landfill to address these minor issues within a specified

timeframe. This requirement will be part of the EPA inspection report which is being finalized at this moment.

Regarding the issue of the alleged unsafe arsenic levels found near the landfill that may be the result of discharges from the landfill, ADEM and EPA's investigation found that the leachate generated at the PCA Landfill is collected, contained, and treated in accordance with the facility's ADEM-issued Solid Waste Disposal Facility Operating Permit (# 53-03) and that there was no evidence of leachate discharge from the landfill. Pursuant to this permit, PCA must collect and dispose of any leachate that is generated at the facility, and the leachate must be managed at a facility permitted to treat leachate.

In addition, on February 8, 2010, ADEM conducted surface water sampling at PCA Landfill Basin A, PCA Landfill Basin B, Chilatchee Creek, Tayloe Creek, and Freetown Creek. A map showing the locations where the samples were taken and a summary of the results are attached (Attachment B). Arsenic was not detected in samples collected from each of the Creeks and from Basin B¹. The arsenic concentration detected in Basin A was 0.00184 milligrams-per-liter (mg/l), below EPA's Drinking Water Maximum Contaminant Level (MCL) of 0.010 mg/l for arsenic² and below the Alabama Toxic Pollutant Aquatic Life Criteria for arsenic of 0.150 mg/l.³ In addition, on February 18, 2010, ADEM conducted sampling of the PCA Landfill's stormwater discharge point DSN007-2 (Rail Yard) which discharges to a tributary of Tayloe Creek. Arsenic was not detected in the sample taken at the stormwater discharge point¹. A map showing the locations where the samples were taken and a summary of these results are attached (Attachment C). The analytical results for arsenic in all of the water samples collected by ADEM are below EPA's MCL for arsenic and below the Alabama Toxic Pollutant Aquatic Life Criteria for arsenic.

Finally, EPA will continue to monitor activities at the facility, in conjunction with ADEM, and will take further action on any additional information received as appropriate.

NEW WATER AND WASTEWATER INFRASTRUCTURE PROJECTS

Johnson Question 2: According to your testimony, "EPA and states begin significant increases in public health and protection by placing under contract \$6 billion in new water and waste water infrastructure projects within one year, meeting the requirements of the American Recovery and Reinvestment Act." That would lead me to believe that EPA and the states could easily place under contract the \$2 billion the President requested for the Clean Water SRF. Do you agree?

¹ The method detection limit for these samples was 0.001 milligram-per-liter (mg/l) or parts-per-million (ppm)

² The MCL in this case is being used as a standard for comparison. However, please note that the MCL applies to drinking water (water at the tap) and is not strictly applicable to these samples as none of the water bodies is used directly as a potable water source

³ Freshwater Chronic Criteria, Table 1, ADEM Admin Code r 335-6-10-07

Answer: Currently, states have two years to apply for Clean Water SRF funds. The American Recovery and Reinvestment Act instituted a tight compliance deadline and strict penalty provisions (i.e., states lose any funds not under contract within one year). Given the current financial conditions in most states and many communities, we believe that it would be difficult for the states and the recipient communities to place under contract within one year the amount of the annual SRF appropriation.

The FY 2011 President's Budget continues the President's commitment to upgrading wastewater infrastructure with a substantial investment of \$2 billion for the Clean Water State Revolving Fund program. This investment will both facilitate continued progress toward clean water goals and result in increased job opportunities across the country. Including FY 2009, FY 2010, and ARRA, the FY 2011 request would bring the Federal investment in the CWSRF \$8.8 billion over this period.

Question: What is the difference between the President's budget request and the needs of the states in terms of funds for wastewater infrastructure improvements?

Answer: In the 2004 Clean Watershed Needs Survey, the states, the District of Columbia, and Puerto Rico documented \$202.5 billion in capital needs over a period of up to 20 years to address water quality problems as of January 1, 2004. The estimate includes \$134.4 billion for wastewater treatment and collection systems, \$54.8 billion for combined sewer overflow corrections, and \$9.0 billion for stormwater management.

GREEN RESERVE AND INNOVATIVE WATER PROJECTS

Johnson Question 3: On average, states used 28 percent of their water infrastructure funds from the American Recovery and Reinvestment Act on the "green reserve," including green infrastructure and water and energy efficiency, which is well above the 20 percent requirement of the Act. This clearly shows a demand for these kinds of innovative water projects that save water, energy and money, and provide additional capacity for overburdened water infrastructure by, for example, reducing the stormwater that flows into a wastewater collection system and treatment plant. I am pleased to see that dedicated funding for the green reserve is continuing.

How will EPA work with states to make the best use of this money under this year's appropriation of the SRF funds? How is EPA helping states continue to direct funding toward these green infrastructure and water efficiency purposes?

Answer. In order to make the best use of the Green Project Reserve (GPR) funding in the 2010 appropriation, EPA is:

- Providing detailed guidance on appropriate uses of the Green Project Reserve;

- Holding bi-weekly Regional Green Workgroup conference calls with the Green Project Reserve contact person for each EPA region;
- Holding bi-annual State/EPA Workgroup meetings at which updates and details on the Green Project Reserve will be provided; and
- Visiting all 51 CWSRF programs in one year to ensure that states are monitoring their ARRA projects and following the GPR requirements in the FY 2010 appropriations bill.

EPA is helping states continue to direct funding to green infrastructure and water efficiency purposes by:

- Collaborating with the Green Infrastructure Program, the Water Sense Program, and other specialized EPA programs in order to capitalize on their expertise and gain access to potential CWSRF borrowers; and
- Funding several pilot programs with states and encouraging the CWSRF programs to incorporate green infrastructure, water efficiency, energy efficiency, and other elements of sustainable wastewater systems into their priority ranking criteria.

Question: Will EPA please provide an estimate of the overall cost-savings achieved by the “green reserve,” both in terms of increased energy efficiency as well as reduced overall cost of construction compared to traditional “grey” infrastructure?

Answer: EPA does not have the information to develop an estimate.

Question: Will EPA please also provide examples of innovative projects that have so far been funded under the “green reserve?”

Answer: Broadly, the Green Project Reserve projects that have been funded under the category of “innovative projects” include: Decentralized wastewater treatment solutions to existing deficient or failing on-site systems; and projects that modify clean water programs to reduce greenhouse gases and promote climate change adaption.

Specific examples of environmentally innovative projects include:

- Albany County Sewer District Waste Heat to Energy/Co-generation project in Albany, NY is an innovative method to create renewable energy from sewage sludge as a bio-mass fuel and reuse this energy as clean power for a portion of the wastewater facility's electrical and space heating needs. The process will reduce demand on outside electrical sources by approximately 69 percent on an average hourly basis (a 3.3 million kilowatt annual reduction) and will reduce the average weekly consumption of natural gas by an estimated 32 percent (approximately 100,000 therms per year). In addition, the project will result in significant cost savings, water conservation through the reuse of 50,000 gallons per day (gpd) of effluent for equipment cooling, and reduction in CO₂ emissions by approximately 1,445 tons/year.

- Expansion of pre-treatment system, extension of exiting leachate injection/gas recovery lines for Buncombe County's Subtitle D Landfill Gas-to-Energy Project in Buncombe, N.C. The project will include approximately 1,300 vertical feet of gas extraction wells, 3,900 linear feet of gas collection header pipe, 1,600 linear feet of gas collection lateral piping, a gas conditioning system, and a 1250 kilowatt power generation facility. The potential project benefits include accelerated waste decomposition to enhance groundwater protection, early compliance with Clean Air Act requirements for municipal solid waste landfills, reduced landfill emissions, reduced risk to workers and community from transport of collected leachate to Publicly Operated Treatment Works via tanker trucks, improved leachate quality and discharge water quality to receiving stream, additional waste capacity and longer life of existing landfill, and renewable energy generation via bioreactor.
- The Hornsby Bend Plant in Austin, Texas, will undergo numerous upgrades over the next three years to refurbish and upgrade the liquid sludge receiving facilities, anaerobic digesters, dewatering facilities, and the digested sludge composting facilities to optimize the treatment process. The ARRA-funded improvements will double the composting capacity of the facility. Additionally, the improvements will generate a larger quantity of digester gas for a combined heat and power project that will offset purchased electric power and save \$401,000 per year. Greenhouse gas emissions from plant operations are expected to decrease by 6,400 tons annually.
- Iowa's Drainage and Wetlands Landscape Systems Initiative integrates wetland construction into the redesign of agricultural drainage systems to reduce surface water runoff, soil erosion and phosphorus loading for improved downstream water quality. Because Iowa is part of the Barataria-Terrebonne National Estuary Program Watershed, addressing nutrient transport, water quality degradation, and hypoxic conditions in the Gulf of Mexico are top priorities. The success of the initiative hinges on the coordination between 3,000 existing drainage districts throughout the State of Iowa. Iowa State University, the Iowa Department of Agriculture and Land Stewardship, and the Iowa Farm Bureau Federation. The goal of the initiative is to achieve a 40–70 percent reduction in nitrate transport and a 50 percent reduction in phosphorus transport to water resources. Nutrient removal wetlands and replacement drainage systems are planned to be developed through existing local drainage districts through the deployment of approximately 25 pilot demonstrations. The \$1.4 million dollar ARRA-funded Pocahontas County Drainage District project is the first pilot project to be funded under the initiative. Not only will these efforts help to enhance water quality in local water bodies, the Mississippi River, and the Gulf of Mexico, but they also will provide wildlife habitat, landscape diversity, recreational opportunities, and an estimated 7–20 percent increase in crop yields.

NONPOINT SOURCES OF POLLUTION

Johnson Question 4: In the years since the enactment of the 1972 Clean Water Act, the single largest remaining and uncontrolled contributor of pollutants to the nation's waters is nonpoint sources. In fact, your agency has estimated that 90 percent of the national impaired waters are contaminated, in part, by nonpoint sources of pollution. According to the most recent EPA Clean Watersheds Needs Survey, total nonpoint source needs over the next 20 years are, at a minimum, \$38 billion or \$1.9 billion annually on average. This year's budget request provides \$200.9 million for Clean Water Act Section 319 Nonpoint Source Grants. How does EPA plan to make progress on this issue, given the vast difference between the need in funding and the amount requested?

Answer: The resources we provide through the Section 319 grant program are only one part of the answer to reducing the impacts from sources of nonpoint source pollution. We recognize the need to work with partners at all levels of government, as well as with the agricultural community, developers, homeowners, watershed organizations and other stakeholders to harness a wide variety of resources and expertise to reduce and combat the effects of contaminated runoff and identify cost-effective means to do so.

We continue to coordinate with our colleagues at the U.S. Department of Agriculture (USDA) to leverage the relatively larger amounts of funding available to support implementation of best management practices on agricultural lands under the Environmental Quality Incentives Program (EQIP) and other USDA programs. EPA also works collaboratively with other federal agencies such as the Department of Defense, the Federal Emergency Management Agency, the Department of Commerce, the U.S. Forest Service, and the Federal Highway Administration to identify best practices that can be used cost effectively on federal and private lands to reduce nonpoint source pollution. Our Section 319 guidance strongly encourages state water quality agencies to coordinate with state agricultural agencies to target funding and technical assistance to activities and places most in need of water quality improvements.

The Clean Water Act State Revolving Fund (SRF) provides states with another source of funding for important nonpoint source mitigation projects, paid for via low-interest loans and grants, to address agricultural runoff, leaking on-site septic systems, and urban nonpoint source pollution. Our nonpoint source strategy also relies heavily on the energy and resources of grass-roots organizations and individuals. EPA conducts a robust outreach program that promotes the development of watershed organizations at state and local levels that can work with federal, state and local governments, industry, environmental groups, and others to collectively address nonpoint source pollution. Section 319 grants can be used to support these collaborative efforts, to leverage other funding sources and demonstrate the efficacy of specific best management practices. These funds can also be used to provide technical tools, public service announcements, school curricula and other materials to educate government officials, citizens and watershed practitioners about ways they can contribute to reducing water quality impairments stemming from nonpoint sources.

EPA also is actively working with state and local governments, water utilities and others to provide alternative ways to develop and redevelop our communities in order to promote the adoption of green infrastructure, low impact development, and other techniques that can be used to reduce the costs of managing stormwater and combined sewer overflows. EPA believes that these practices can reduce the need for costly heavily engineered infrastructure, e.g., pipes, channels and treatment plants. These practices will be proven to be more sustainable and cost effective in the long-term than the current conventional urban designs and conveyance systems.

CLIMATE CHANGE IMPACTS

Johnson Question 5: Is the Agency working with municipalities to being looking at the potential impacts of climate change on existing water and wastewater infrastructure? If not, is this something the Agency plans on doing in the future?

Answer: Climate change impacts represent a critical challenge to water and wastewater infrastructure's ability to fulfill its public health and environmental mission. In response to this challenge, EPA has developed a National Water Program Climate Strategy (<http://www.epa.gov/ow/climatechange>) which articulates the objectives and activities of the water office pertinent to addressing climate change impacts, adaptation, and mitigation. Within this framework, EPA has initiated the Climate Ready Water Utilities (CRWU) program that will enable water and wastewater utilities to develop and implement long-range critical infrastructure plans that account for climate change impacts. Under this program, EPA—working collaboratively with utility leaders—is generating practical tools and training for water and wastewater utility managers to assess vulnerabilities of water and wastewater infrastructure to climate change, elevate awareness, and institutionalize adaptation and mitigation options as part of decision making. For example, EPA is developing the PC-based Water Utility Climate Change Awareness and Assessment Tool (WUCCAT) to assist water and wastewater utility owners and operators in understanding regional and local projections of climate change impacts/threats on infrastructure, assessing potential consequences of such impacts, and evaluating adaptation options to reduce risk.

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DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT

OF

LIEUTENANT GENERAL ROBERT VAN ANTWERP
CHIEF OF ENGINEERS
U. S. ARMY CORPS OF ENGINEERS

BEFORE

THE SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE ARMY CIVIL WORKS PROGRAM
FISCAL YEAR 2011

MARCH 4, 2010

Madam Chair and distinguished members of the Subcommittee:

I am honored to be testifying before your subcommittee today, along with the Assistant Secretary of the Army for Civil Works, the Honorable Jo-Ellen Darcy, on the President's Fiscal Year 2011 (FY11) Budget for the Civil Works Program of the United States Army Corps of Engineers.

My statement covers the following 5 topics:

- Summary of FY11 Program Budget,
- Investigations Program
- Construction Program
- Operation and Maintenance Program, and,
- Value of the Civil Works Program to the Nation's Economy and Defense

SUMMARY OF FY11 PROGRAM BUDGET

Introduction

The Fiscal Year 2011 Civil Works Budget is a performance-based budget, which reflects a focus on the projects and activities that provide the highest net economic and environmental returns on the Nation's investment or address significant risk to human safety. The Budget also proposes cancellation of the unobligated balance of funding in the Mississippi River and Tributaries account that was previously provided for construction of the Yazoo Pumps project. The Reimbursed Program funding is projected to involve an additional \$2.5 billion.

Direct Program

The Budget reflects the Administration's commitment to continued sound development and management of the Nation's water and related land resources. The Budget incorporates objective performance-based metrics for the construction program, funds the continued operation of commercial navigation and other water resource infrastructure, provides significant funding for the regulatory program to protect the Nation's waters and wetlands, and supports restoration of significant aquatic ecosystems, with emphasis on the Florida Everglades, Louisiana coast, California Bay-Delta, and Columbia River & Missouri River restoration efforts. Additionally, it emphasizes the basic need to fund emergency preparedness activities for the Corps as part of the regular budget process.

Reimbursed Program

Through the Interagency and Intergovernmental Services Program we help non-DOD Federal agencies, state, local, and tribal governments, and other countries with timely, cost-effective implementation of their programs. Rather than develop their own internal workforce to oversee large design and construction projects, these agencies can turn to the Corps of Engineers, which has these capabilities. Such intergovernmental cooperation is effective for agencies and the taxpayer by using the skills and talents that we bring to our Civil Works and Military Program missions. The work is principally technical oversight and management of engineering, environmental, and construction contracts performed by private sector firms, and is totally financed by the Agencies we service.

Currently, we provide reimbursable support for about 70 other Federal agencies and several state and local governments. Total reimbursement for such work in FY11 is projected to be \$2.5 billion. The exact amount will depend on requests from the agencies.

INVESTIGATIONS PROGRAM

The Budget for the Investigations program would enable the Corps to evaluate and design future projects that are most likely to be high-performing within the Corps three main mission areas: commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. The budget includes \$104 million for these and related activities in the Investigations account and \$846,000 in the Mississippi River and Tributaries account.

CONSTRUCTION PROGRAM

Within available resources, the goal of the construction program is to produce high value to the Nation by delivering new, or replacing, rehabilitating, or expanding existing, flood damage reduction, environmental restoration, commercial navigation, or hydropower benefits that serve the Nation's water resource needs. Our Fiscal Year 2011 budget includes \$1.69 billion in discretionary funding in the Construction account and \$85.29 million in the Mississippi River and Tributaries account to further this objective. Consistent with this objective, the Budget also gives priority to projects that address a significant risk to human safety.

Using objective performance measures, the budget allocates funding to 99 construction projects, including 4 Mississippi River and Tributaries projects, 10 dam safety assurance, seepage control, and static instability correction projects, 20 projects that address a significant risk to human safety, and 69 other projects. This program also includes, for example, significant funding for our efforts in the Columbia River Basin and Missouri River Basin to support the continued operation of Corps of Engineers multi-purpose projects by meeting the requirements of the Endangered Species Act.

Performance measures, which the Corps uses to establish priorities among projects, include the benefit-to-cost ratios for projects with economic outputs; and, for aquatic ecosystem restoration projects, the extent to which the project cost-effectively contributes to the restoration of a significant aquatic ecosystem. The selection process also gives priority to dam safety assurance, seepage control, static instability correction, and to projects that address a significant risk to human safety. Under each of these criteria, resources are allocated based on performance. This approach significantly improves the realization of benefits to the Nation from the Civil Works construction program and will improve overall program performance by allowing the Nation to realize the benefits of the projects with the best net returns (per dollar invested) sooner.

OPERATION AND MAINTENANCE PROGRAM

The facilities owned and operated by, or on behalf of, the Corps of Engineers are aging. As stewards of this infrastructure, we are working to ensure that its key features continue to provide an appropriate level of service to the Nation. Sustaining such service poses a technical challenge in some cases, and proper maintenance is becoming more expensive in some cases as infrastructure ages.

The Operation and Maintenance (O&M) program for the FY11 Budget includes \$2.361 billion, and an additional \$153.864 million under the Mississippi River and Tributaries program, with a focus on the maintenance of key commercial navigation, flood and storm damage reduction, hydropower, and other facilities. Specifically, the operation and maintenance program supports completed works owned or operated by the Corps of Engineers, including administrative buildings and laboratories. Work to be accomplished includes dredging, repair, aquatic plant control, removal of sunken vessels, monitoring of completed coastal projects, and operation of structures and other facilities, as authorized in the various River and Harbor, Flood Control, and Water Resources Development Acts.

One of the contributions the Civil Works program can make to the Nation is to support and create opportunities for returning and wounded veterans. Through continued funding of the Veterans Curation Project as part of the Cultural Resources program, the Corps can provide such support in ways that directly benefit the Civil Works program by address the backlog of historic properties needing curation, while also benefiting returning and wounded veterans.

VALUE OF THE CIVIL WORKS PROGRAM TO THE NATION'S ECONOMY AND DEFENSE

We are privileged to be part of an organization that directly contributes to the President's priorities to secure the homeland and to revitalize the economy.

The way in which we manage our water resources can improve the quality of our citizens' lives. It has affected where and how people live and influenced the

development of this country. The country today seeks economic development as well as the protection of environmental values.

Corps of Engineers personnel from across the nation continue to respond to the call to help during national emergencies, such as hurricanes and the recent earthquake in Haiti. The critical work they are doing reduces the risk of damage to people and communities.

Research and Development

Civil Works Program research and development provides the nation with innovative engineering products, some of which can have applications in both civil and military infrastructure spheres. By creating products that improve the efficiency and competitiveness of the nation's engineering and construction industry and providing more cost-effective ways to operate and maintain infrastructure, Civil Works program research and development contributes to the national economy.

The National Defense

Internationally, the U.S. Army Corps of Engineers continues to support the mission to help Afghanistan build foundations for democracy, freedom and prosperity.

I also want to recognize the many Corps of Engineers civilians – each of whom is a volunteer – and Soldiers who are providing engineering expertise, quality construction management, and program and project management in other nations. The often unsung efforts of these patriotic men and women contribute daily toward this nation's goals of restoring the economy, security, and quality of life for all.

In Afghanistan, the Corps is spearheading a comprehensive infrastructure program for the Afghan national army, and is also aiding in important public infrastructure projects.

CONCLUSION

The Corps of Engineers is committed to staying at the leading edge of service to the Nation. We are committed to change that ensures an open, transparent, and performance-based Civil Works Program.

Thank you, Madam Chair and Members of the Subcommittee. This concludes my statement.

QUESTIONS FOR THE RECORD

*TRANSPORTATION AND INFRASTRUCTURE
House Water Resources and Environment Subcommittee
Hearing on
Agency Budgets and Priorities for FY 2011*

MARCH 4, 2010

Q1. Mr. Boozman: What was the basis for deciding which on-going projects and which new construction starts would be supported in the Administration's budget request?

Gen. Van Antwerp: In the construction program, the FY 2011 Budget supports high-return investments for ongoing work in the three main mission areas of the Corps: commercial navigation; flood and storm damage reduction; and aquatic ecosystem restoration. The Budget also gives priority for funding to dam safety work, projects that reduce significant risks to human safety and projects that will complete construction during 2011. The Budget includes funding for two new construction starts. The Louisiana Coastal Area ecosystem restoration program will address risks to this nationally significant coastal ecosystem. The Onion Creek, Texas, project will serve as an example both for the Corps and for the nation of an innovative, non-structural solution to water resource challenges.

In the operation and maintenance program, the FY 2011 Budget focuses resources on furthering the operational reliability, safety, and availability of the key features of the existing Corps infrastructure.

Q2. Mr. Boozman: Can you supply the Committee with a list of project terminations proposed by the Administration's budget and their associated remaining-benefit to remaining-cost ratios and their associated termination costs?

Gen. Van Antwerp: The Ozark-Jeta Taylor Powerhouse Rehabilitation project is the only project that may require termination of a contract. The remaining benefit to cost ratio at a 7% discount rate is 2.9 to 1. Under the contract provisions, termination would be considered a termination for the convenience of the Government. The Government's responsibility under the terms of the contract would be to pay for all contractor costs associated with items currently being fabricated for the rehabilitation of the turbines, the costs for contractor demobilization, and for any lost contractor profit.

Q3. Mr. Boozman: How does the Corps have the ability to streamline its process so that good projects can be identified sooner and brought to Congress for authorization?

Gen Van Antwerp: The Corps revised its policies and regulations and implemented business practice improvement to pursue efforts of streamlining the planning process while maintaining appropriate rigor to provide credible, high quality investment decision recommendations.

An example of a successful and streamlined study is the Mississippi Coastal Improvement Program Feasibility Study that was completed in 36 months. Corps efforts for this study included:

- A 2006/7 Lean Six Sigma review that resulted in financing plan self-certification by non-Federal sponsors and saved months by streamlining early district submission of report products;
- Streamlined planning guidance revised in 2000;
- Delegation of approval authorities to our Regional Headquarters for reconnaissance studies, post authorization documents that are consistent with policy, and the continuing authorities program; and
- Closer coordination with resource agencies as called for in Section 2045 of Water Resources Development Act of 2007 (WRDA 2007).

The Corps is engaging the vertical team earlier in the process and Districts are being encouraged to raise and resolve significant issues as soon as they become apparent. Additionally, the Corps is currently working a pilot for vertical team involvement before beginning the feasibility study to assure the scope, cost and time elements are proper.

Q4. Mr. Boozman: The Administration is placing a lower priority on low-use harbors and waterways and looking for non-Federal ways of paying for them. Since most traffic begins or ends on lower use waterways, won't this strangle the traffic off the mainstems? Shouldn't we be trying to promote use of waterways that are the safest, most fuel efficient, and most environmentally friendly means of transportation?

Gen. Van Antwerp: Most of the commercial traffic that moves through our coastal harbors and channels, or on the inland waterways, does not begin, or end, at a harbor or waterway with a low level of commercial use. The Budget provides \$__ million to operate and maintain low use harbors and waterways. The Corps uses this funding to: operate and maintain low use harbors that support significant commercial fishing, subsistence, or public transportation benefits; address safety concerns; maintain full service on some low use waterways; and support part-time operations at others by providing for call-outs when needed for commercial shipments. This approach makes good use of available resources, enables goods to reach market, and thereby contributes to the economic well being of the Nation.

The long-term option assessment for low-use navigation, which received initial funding in the enacted FY 2010 appropriations and further funding in the FY 2011 Budget, will identify and explore a range of possible long-term options for funding and managing low-use navigation facilities, with emphasis on alternative ways for sponsors and users to fund their projects and to achieve efficiencies in project management.

Q5. Mr. Boozman: How many Chief's Reports are expected to be signed by the end of 2010?

Gen. Van Antwerp: Since the enactment of WRDA 2007, 6 proposed projects now have a report of the Chief of Engineers and 16 others are on a schedule that could result in a Report of the Chief of Engineers by the end of 2010. These reports provide my recommendations on a proposed project to the Assistant Secretary of the Army for Civil Works, who is the responsible political official. Generally, the Assistant Secretary of the Army for Civil Works and the Office of Management and Budget then review the project,

along with my report. Thus, some of these 22 projects may not complete final review by the end of 2010.

Q6. Mr. Boozman: To go along with the cuts in construction funds and cuts in study funds, the Administration is also cutting the O&M account for the Corps of Engineers? Will this Budget be sufficient for the Corps to return the Nation's ports and waterways to their authorized depths and widths? Currently, what percentage of the time are the nation's ports and waterways are now at their authorized depth and width?

Gen. Van Antwerp: The operation and maintenance program focuses resources on furthering the operational reliability, safety, and availability of the key features of the existing Corps infrastructure. The Corps evaluates the competing demands for funding among its programs and strives to make the best use of the available funds from a national perspective. The Budget includes \$1.328 billion for navigation O&M. This is \$49 million less than in the enacted FY 2010 appropriations and \$67 million more than in FY 2009.

Within each program area, the Budget allocates O&M funding using objective performance criteria. The Corps used several performance criteria to evaluate O&M navigation work, including current and five-year tonnage, cost per ton, and cost per segment ton-miles, high risk systems component (for locks & dams), public safety, critical support for other Federal requirements (US Coast Guard, for example), subsistence harbors, support for commercial fishing, support for public transportation (ferries), and environmental and legal obligations (primarily mitigation). This approach enables us to identify and fund the highest priority needs.

Few if any harbors and waterways are at their authorized depth and width year round in every channel. The Corps typically dredges only a portion of a project in a given year, with emphasis on the places where shoals that could affect a significant level of commercial traffic have formed.

Q7. Mr. Boozman: The value of the Corps's 2007 "Maintenance Deficiency Correction Plan" (MDCP) was that if the non-federal sponsor was working hard toward compliance with the levee O&M manual, but they ran out of time after 12 months, that they would be given more time (up to 5 years if necessary). Isn't there a need and a way to capture this same spirit for certain, deficient projects identified after 2007? Is the Administration

interested in finding a way to give good actors the additional time they require to bring their levees into compliance?

Gen. Van Antwerp: The MDCP policy was created in 2007 to provide a transition from different inspection rating systems to one consistent rating system. If sponsors were not able to complete corrective actions within 12 months, then if they met criteria, they were provided an additional 12 months. The MDCP policy is now complete, but currently, we have another policy in place that if a sponsor demonstrates they are making system-wide improvements to their levee system, they may apply for a temporary extension to remain eligible in PL 84-99 (in other words eligible for federal rehabilitation funds) for 12 months, with possible extensions up to a total of 4 years.

T&I Hearing – Young questions on Alaska Permit Decision

Questions for the Assistant Secretary of the Army:

Q8. Mr. Young: Secretary Darcy, I have questions for you that pertain to the national security of this nation and the need for developing domestic energy sources. A press release dated February 5 from the Corps of Engineers announcing the denial of the 404 permit for Conoco Phillips in National Petroleum Reserve -Alaska (NPRA) within the Coleville River Delta (known as CD-5) states, "The Corps has determined that there are other practicable alternatives that would have less adverse impact on the aquatic ecosystem and still meet the overall project purpose."

What was the overall purpose?

Ms. Darcy: The Corps defined the overall project purpose as "To access hydrocarbons at the CD-5 reservoir and transport commercial oil products to the Alpine Central Processing Facility."

Q9. Mr. Young: ConocoPhillips spent more than five years, thousands of man-hours and many millions of dollars making absolutely certain that they did everything humanly possible to ensure that their project would have minimal environmental consequences -- yet the Corps still denied them the permit.

How do you explain the denial of the permit with the Administration's stated support for developing the NPRA?

Ms. Darcy: The decision to deny ConocoPhillips' application only pertains to the way in which the applicant proposed to develop CD-5 and does not preclude other developments within the NPRA. The denial of this permit application does not prevent ConocoPhillips from submitting future permit applications for work within the NPRA. However, in order for future projects that involve discharges of dredged or fill material into waters of the U.S., or work in navigable waters, to receive permits from the Corps, they must be designed in a manner that avoids and minimizes impacts to aquatic resources to the maximum extent practicable as required by Corps regulations and the Clean Water Act section 404(b)(1) Guidelines. The Corps recognizes and appreciates the efforts of ConocoPhillips to reduce environmental impacts, but since other less environmentally damaging practicable alternatives exist, the Corps was not able to authorize the CD-5 project as proposed.

Q 10. Mr. Young: Since ConocoPhillips has done everything humanly possible to protect the environment, are there any circumstances under which you would issue a permit? Or to put it another way, would you have denied the permit no matter what they did?

Ms. Darcy: In accordance with the implementing regulations the Corps must follow when evaluating permit applications, no discharge of dredged or fill material shall be permitted if there is a practicable alternative to the proposed discharge which would have less adverse impact on the aquatic ecosystem, so long as the alternative does not have other significant environmental consequences.

During the permit evaluation process, the Corps identified other alternatives that met the overall project purpose that would have less adverse impact on the aquatic environment and for which no other significant adverse environmental consequences were identified. Therefore, ConocoPhillips project proposal was not the least environmentally damaging practicable alternative available (LEDPA), hence, by regulation and policy, the Corps could not authorize the CD-5 project as proposed. ConocoPhillips has 60 days from the date of the denial to appeal the decision to the Division Engineer.

Conoco Phillips may also propose a substantially modified proposal in a new permit application and if they do, the Corps will review this new permit application.

Q 11. Mr. Young: In your opinion, what should ConocoPhillips have done differently?

Ms. Darcy: As detailed above, the Corps is precluded from permitting projects that are not in compliance with the 404(b)(1) Guidelines (40 C.F.R. 230); therefore, designing a project that avoids and minimizes adverse impacts to aquatic resources to the maximum extent practicable is a necessary step in the permitting process. Also, by regulation and in accordance with the CWA section 404(b)(1) Guidelines, the Corps can only authorize the LEDPA, and in this case, the alternative proposed by the applicant was determined not to be the LEDPA. ConocoPhillips could have revised its application to propose using other alternatives, such as those identified by federal agencies as being less environmentally damaging.

Q 12. Mr. Young: So, if the locals support the project, Conoco Phillips minimized the environmental impacts, why did the Corps reject the permit?

Ms. Darcy: The Corps' decision to issue or reject a permit is based on an evaluation of the probable impacts, including cumulative impacts, of the proposed activity and its intended use on the public interest. Evaluation of the probable impact that the proposed activity may have on the public interest requires a careful weighing of all factors that may become relevant in any particular case. The benefits that may reasonably be expected to accrue from the proposal are balanced against its reasonably foreseeable detriments.

The decision whether to authorize a proposal and with what conditions is determined by this general balancing process. Twenty-one different factors may be considered during the public interest review. These factors include the needs and welfare of the people as well as economics, land use, energy needs, conservation, shore erosion and accretion, general environmental concerns, historic properties, fish and wildlife values, aesthetics, flood hazards, water supply and conservation, water quality, safety, mineral needs, considerations of property ownership, and food and fiber production.

That said, the permit was denied because the Army Corps of Engineers determined that there were less environmentally damaging, practicable alternatives that met the overall project purpose available to the applicant. The Colville River Delta serves as habitat for approximately 80 species of birds, numerous fish, migrating caribou, and is within the subsistence hunting and fishing areas of Village of Nuiqsut.

Q 13. Mr. Young: What kind of pressure did the EPA place on the Corps to reject the permit?

Ms. Darcy: None. Under the Clean Water Act Section 404, the Secretary of the Army is authorized to issue permits, after notice and opportunity for public hearings, for the discharge of dredged or fill material into waters of the United States at specified disposal sites. Selection of such sites must be in accordance with guidelines developed by the Environmental Protection Agency (EPA) in conjunction with the Secretary of the Army; these guidelines are known as the 404(b) (1) Guidelines. The EPA has a commenting role during the public involvement phase of permit evaluation. Although the Corps considers comments from EPA and all other comments, in its evaluation of the permit application, the decision authority under the Clean Water Act remains with the Corps regardless of objection or support from any agency, Federal or otherwise.

Q 14. Mr. Young: Among the Corp's excuses for denying the permit, were that habitat to overwintering fish and could not be disturbed, and the proposed bridge across the Colville River would somehow impede this.

How can this be true when the bridge would not dam the river, redirect the river, or interrupt the flow of the river but rather go across the river like the many other existing bridges on the North Slope?

Ms. Darcy: Unlike other rivers in the North Slope, the Colville River represents 70% of available overwintering fish habitat consisting of under-ice areas deeper than 5 to 7 feet in the Nigliq and Main Channels. The ConocoPhillips project proposal included installation of bridge abutments and piers using a combination of vibratory and impact pile-driving methods. In addition, the proposal included the potential need to auger a five-foot diameter hole up to 180-feet deep and subsequently backfill it with sand slurry to provide thermal stability in the permafrost.

The proposed project schedule has this work being completed in the winter; therefore disturbing and potentially killing overwintering fish due to increased turbidity and sound pressure waves. Furthermore, the bridge and road system are proposed to be elevated on gravel fill a minimum of five feet above water level, which would alter drainage patterns and the geomorphology of the Colville River Delta. These drainage patterns and the underlying geomorphology are an important factor in creating and maintaining overwintering fish habitat.

Q 15. Mr. Young: Is the Corps and the EPA asserting that fish in Alaska's Colville River won't remember how to swim underneath bridges like the fish in the Kuparuk River and the Sagavanirktok (Sag) River?

Ms. Darcy: The Corps did not include potential cause-effect relationships pertaining to the behavioral ecology of aquatic vertebrates as a result of the proposed project in either the analysis or permit decision.

Q 16. Mr. Young: If Congress eliminated EPA's ability to veto permits issued by the Corps, would you have approved the permit for CD-5?

Ms. Darcy: As mentioned above, ConocoPhillips' permit application was denied because the Corps determined that there were less environmentally damaging, practicable alternatives that met the overall project purpose available. EPA's authority to prohibit the specification, or withdraw such specification, of any defined area as a disposal site did not factor into the Corps' permit evaluation.

Q 17. Mr. Young: What role did pressure from the environmental community play in your decision to reject the permit for CD-5?

Ms. Darcy: The Corps acts as neither a proponent nor an opponent of any project proposal under evaluation. Rather, the Corps remains neutral, basing decisions on facts and requirements of the regulations. The Clean Water Act provides opportunity via public notice for all interested members of the public to express their views on a particular proposed project and all comments are considered during the Corps' evaluation process.

Q 18. Mr. Young: Did the Corps reject the permit out of fear that the federal government would be sued by the environmental community?


Ms. Darcy: ConocoPhillips' permit application was denied because the Corps determined that there were less environmentally damaging, practicable alternatives that met the overall project purpose available.

Q 19. Mr. Young: How did energy security, a declining economy, and untapped domestic resources play in the decision to reject the permit for CD-5?

Ms. Darcy: The Corps considered energy development and economics, as part of the public interest review process described above, in the permit evaluation process. The Corps does not oppose responsible development of domestic resources inside or outside of NPRA. ConocoPhillips' permit application was denied because the Corps determined that there were less environmentally damaging, practicable alternatives that met the overall project purpose.

Q 20. Mr. Young: Do you believe more or less oil could be recovered by using horizontal directional drilling, which was referenced in your press release from February 5, 2010 as a preferable alternative, compared to the drill site and plan as proposed by Conoco Phillips?

Ms. Darcy: The mention of horizontal directional drilling (HDD) in the press release was not with regard to its use as a method for oil extraction or recovery. HDD in this case would involve boring to allow the pipeline to pass under the Nigliq Channel to carry petroleum product from the CD-5 drill site to the processing facility at Alpine. Both HDD alternatives analyzed by the Corps use the same drill site location as proposed by ConocoPhillips.

	<p>Testimony for the Record Subcommittee on Water Resources and Environment Committee on Transportation and Infrastructure U.S. House of Representatives</p>
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Agency Budgets and Priorities for FY 2011

Statement of
Henry Falk, M.D., M.P.H.
 Acting Director
 Agency for Toxic Substances and Disease Registry
 and
 National Center for Environmental Health
 Centers for Disease Control and Prevention
 U.S. Department of Health and Human Services



March 4, 2010

Introduction

Chairwoman Johnson and other distinguished members of the Subcommittee, on behalf of the Administrator of the Agency for Toxic Substances and Disease Registry and the Director of the Centers for Disease Control and Prevention, Dr. Thomas R. Frieden, I would like to thank you for the opportunity to present this testimony. I am Dr. Henry Falk, Acting Director of the Agency for Toxic Substances and Disease Registry (ATSDR) and the Centers for Disease Control and Prevention's (CDC's) National Center for Environmental Health (NCEH).

As a physician, I've spent more than 30 years working to protect Americans from environment-related hazards and diseases. I've spent most of that time at CDC as a member of the U.S. Public Health Service, where I was named a Rear Admiral and an Assistant U.S. Surgeon General. I led ATSDR from 1999 until 2005 and am again filling this position until a new agency director is named.

In my dual role with NCEH and ATSDR, I have the opportunity to lead a highly dedicated group of people as they seek to provide answers on a wide variety of issues related to human health and the environment. And, we are working to identify and protect the public from environmental exposures to hazardous substances.

ATSDR's Role

ATSDR is the principal non-regulatory federal public health agency responsible for addressing health effects associated with toxic exposures. The Agency's mission is to serve the public through responsive public health actions to promote healthy and safe environments and prevent harmful exposures. ATSDR and its basic authorities were established by the Comprehensive Environmental Response, Compensation, and

Liability Act (CERCLA) of 1980 (more commonly known as the Superfund law), as amended by the Superfund Amendments and Reauthorization Act (SARA) of 1986. Through these and other key laws, Congress responded to the public's demand for a more complete approach to protection from hazardous substances.

While ATSDR collaborates with other federal agencies like the Environmental Protection Agency (EPA), ATSDR distinctly focuses on the human health effects of harmful substances in the environment. Because ATSDR is not a regulatory agency, ATSDR achieves much of its impact by providing technical expertise, training, and funding to state public health agencies and by making recommendations to other agencies and communities on how to stop or prevent exposures to hazardous substances.

ATSDR's orientation toward public health is practical, and its responsibilities under CERCLA fall into four functional areas:

- Protecting the public's health from hazardous and toxic substances
- Building the science base on hazardous and toxic substances
- Providing information on hazardous and toxic substances to health professionals and the public
- Establishing and maintaining health registries

These four functions will continue to define ATSDR's priorities for FY 2011, with emphasis on achieving public health impact in the most efficient manner possible. The testimony that follows discusses each function and addresses ATSDR's priorities and vision for the coming year.

Protecting the Public's Health from Toxic Substances

A core function of ATSDR is assessing potential health hazards posed by releases of hazardous substances, including releases from hazardous waste sites and making recommendations for protecting public health. This is a mandated function in the case of sites on EPA's National Priorities List and discretionary in the case of releases from other hazardous waste sites. Most often ATSDR presents the results of its work in one of several products: *Public Health Assessments*, *Public Health Consultations*, *Exposure Investigations*, and *Technical Assists*. In these assessments, ATSDR reviews environmental and health data, evaluates how people living or working at the site or nearby may be exposed to harmful levels of hazardous substances, and makes appropriate recommendations to protect the public health of the community.

In addition, ATSDR can help protect the public from chemical exposures from releases in settings other than hazardous waste sites. These releases may range from chemical plant explosions to a spill of coal combustion products and can be identified by government agencies or by individuals within the community through the petition process.

ATSDR responds to emergencies involving the release of hazardous substances, most often in collaboration with EPA and other agencies. ATSDR personnel provide real-time public health guidance to emergency responders and to the public following acute releases of hazardous substances (for example, helping determine when people can safely reoccupy their homes and businesses after an evacuation).

ATSDR is highly productive in its work to protect the public's health. In FY 2009, ATSDR, in cooperation with funded state health agencies, completed evaluations of

potential environmental exposures at 211 sites by issuing 322 public health assessments and consultations and providing more than 1400 technical assists. EPA, industry partners, and communities adopted 85% of ATSDR's recommendations for reducing exposures and collecting additional information.

ATSDR has a strong track record of implementing public health practices and providing recommendations based on the best available science, even in sometimes controversial or highly charged situations. Several examples illustrate this:

- In December 2008, ATSDR provided emergency response support when a containment wall failure resulted in the release of more than 5.4 million cubic tons of coal ash in Tennessee. In the largest fly ash release in the United States to date, coal ash covered approximately 300 acres and required the evacuation of more than 20 residents. As part of the on-site emergency response, ATSDR reviewed large sets of data from water and sediment samples, identified concentrations of concern for metals and other contaminants in water, and coordinated an epidemiological study with EPA. As a result of ATSDR's work, community members were able to make informed decisions to protect themselves during the cleanup period.
- After ATSDR's found elevated levels of lead in synthetic turf products, the Consumer Product Safety Commission has requested the elimination of non-essential uses of lead in synthetic turf products. The synthetic turf industry has responded through public statement that they plan to reduce voluntarily the lead content in synthetic turf products in U.S. markets.
- At one Arizona high school, students found a large amount of elemental mercury in a school storage room, spilled it on school buses, and took it home—exposing their families and community to this harmful substance. ATSDR's funded partner, the Arizona Department of Health Services, collaborated with the Maricopa County Department of Public Health to alert and educate the families of exposed students about mercury poisoning and to ensure that all mercury was removed from school

storage rooms. Also in 2009, ATSDR and EPA worked together on a 30-second television spot targeting middle-school aged children with the message "Don't mess with mercury!"

Building the science base on toxic substances

ATSDR's applied research includes toxicological and epidemiological research. In some cases, ATSDR conducts this research in-house; for example, ATSDR scientists have developed innovative techniques using computational toxicology to help rapidly assess hazards of chemical releases. In other cases, ATSDR identifies critical toxicological data needs and works with other federal agencies, as well as state agencies, universities, and volunteer organizations, to fill those needs.

A key feature of ATSDR's scientific research is that it often grows out of site-specific public health activities. In the last year ATSDR investigated a cluster of cases of a rare blood disease called polycythemia vera in Pennsylvania, the cardiovascular effects of exposure to PCBs in Alabama, and the nervous system effects of exposure to airborne manganese in the Ohio River Valley. In 2010 ATSDR will begin to study the links between uranium exposure and pregnancy and neonatal complications of Navajo mothers, and also to provide educational outreach to increase prenatal care and to mitigate exposure to uranium on the Navajo Reservation.

An example of scientific research that has grown out of site-related activities is the work at the Camp Lejeune military base in North Carolina. ATSDR has worked at Camp Lejeune since the early 1990s, conducting public health assessments, epidemiological studies, and modeling to reconstruct exposures to volatile organic compounds from drinking water systems. In 2010, ATSDR is moving forward with a mortality study (causes of death among former residents) and a congressionally

mandated health survey (presence of certain diseases and conditions), both of which the Navy will fund. If the health survey findings meet appropriate criteria, it may serve as the foundation for additional analyses (for example, medical records review) that could begin in 2011.

In addition to original research, ATSDR assembles existing data on hazardous and toxic substances. ATSDR's *Toxicological Profiles* are thorough reviews of available toxicological and epidemiological information on specific substances that ATSDR health assessors and other responders use to identify contaminants and potential health effects that may be of concern at hazardous waste sites. They are widely used by scientists and members of the public.

ATSDR's Hazardous Substances Emergency Events Surveillance (HSEES) program has been the only national public health-based surveillance system to coordinate the collection, analysis, and distribution of hazardous substances emergency release data to public health practitioners. In FY 2009, the National Toxic Substances Incidents Program (NTSIP) replaced HSEES, resulting in a more comprehensive system. ATSDR developed the NTSIP following an HSEES program peer review and several years of information gathering with key stakeholders.

With its new capabilities, NTSIP will reduce duplication of government efforts, collect nationwide data not limited to the states ATSDR funds, promote green chemistry principles as a proactive approach to prevention, and develop tools and knowledge to support emergency response efforts.

Providing Information on Toxic Substances to Health Professionals and the Public

A third function of ATSDR is to provide health professional and community education through direct service at the community level and through broader distribution of materials by the internet and other mechanisms. For example, ATSDR's ToxFAQs is a series of summaries of information about hazardous substances. These are user-friendly documents excerpted from *Toxicological Profiles* that provide plain language information about hazardous and toxic substances. ATSDR also develops and provides medical education to assist health professionals in diagnosing and treating conditions related to hazardous exposures.

Establishing and Maintaining Registries

The fourth function assigned to ATSDR is to establish and maintain registries—confidential databases designed to collect, analyze, and track information about groups of people who share defined exposures or illnesses. ATSDR also provides information to registrants about health services and other services available to them through other sources. Current registry activities include tracking people exposed to tremolite asbestos from Libby, Montana, and establishing a disease registry which follows people with Amyotrophic Lateral Sclerosis (ALS). In addition, with funds from the Federal Emergency Management Agency (FEMA), ATSDR has begun a pilot registry of persons displaced by Hurricanes Katrina and Rita who were potentially exposed to formaldehyde in FEMA-provided temporary housing units. The pilot registry will be used to address the health concerns of people living in FEMA-provided housing units and to evaluate research and registry priorities for the future.

Advancing ATSDR's activities to protect the public's health

The FY 2011 President's Budget requests \$76,337,000 for ATSDR to continue its work in the four functional areas, which includes \$608,000 in contract and travel savings from FY 2010 levels. ATSDR will continue to strive to meet its mission through increased efficiencies and productivity and the efforts of a dedicated staff. The contract and travel reduction is not expected to reduce programmatic activities.

When ATSDR was established, the primary focus was on responding to health concerns from exposures related to hazardous waste sites being addressed under CERCLA. Through work with these sites, ATSDR's scientists have developed unique skills. In recent years, ATSDR has found an increasing demand for those skills in other areas related to hazardous exposures. For example, local health departments often lack the staff and resources to engage in land reuse and redevelopment decision making. ATSDR has developed two technical tools that help local health departments provide timely feedback to developers and policy makers on potential health issues associated with reuse of a property that may have chemical contamination. The first tool allows health departments to provide developers with timely information on health hazards that may affect the future use of the property. The second tool is a dose calculator that helps health department staff to identify quickly whether levels of contaminants at sites could pose a public health risk.

ATSDR receives a wide variety of requests from federal, state, and local agencies and individuals for assistance in responding to health concerns related to many kinds of hazardous exposures. We find that community interest in our work is increasing rather than decreasing. In response to this changing landscape, we are

taking a fresh look at how ATSDR can serve communities that have concerns about toxic exposures.

As part of an enhanced community engagement model, ATSDR will continue to work with communities to use available resources to address their health concerns. Community assessments identify social determinants of health and specific community and individual behaviors that can be adopted to help improve and maintain a safe and healthy community. Community assessments are formal, integrated assessments of a community's human and economic resources, health status, capacity, readiness, behavior, educational needs, and social capital. These assessments can help to reduce the health disparities experienced at many sites, including designated Environmental Justice sites, in minority or low-resourced communities.

Taking into consideration the many changes that have occurred in chemical science and technology during the quarter century of ATSDR's existence, ATSDR is undertaking major efforts to improve the abilities to meet those needs and to meet new challenges in the future through a review of the overall approach to carrying out its mission. ATSDR is working to implement and apply the latest scientific advancements and tools to our work, including advances in *analytic chemistry* and *biomonitoring* (tools that better measure the chemicals present in people's bodies and the environment), *computational toxicology* (tools that provide rapid, low cost insight into the interaction of chemicals), and *green chemistry* (the design and production of environmentally safe chemicals).

The responsibility of protecting the public from hazardous and toxic substances does not rest with ATSDR alone. Several other agencies share in this responsibility, and

many other stakeholders—industry, environmental groups, community groups, professional associations—play essential roles. To further the collaboration between these entities, ATSDR, with its companion organization—the National Center for Environmental Health—continues to sponsor the *National Conversation on Public Health and Chemical Exposures*. The *National Conversation* is engaging stakeholders in government, public health, academia, and in communities to develop recommendations on cross-cutting public health and chemical exposure issues.

As ATSDR's work has expanded beyond the traditional focus on hazardous waste sites, ATSDR has begun to collaborate actively with the Department of Transportation (DOT) and the Department of Housing and Urban Development (HUD). For example, ATSDR is working closely with DOT through an interagency agreement to use data from our National Toxic Substances Incident Program (NTSIP) surveillance system to map, model, and assess national trends in chemical incidents and to provide recommendations for improving the public's safety through prevention of chemicals spills.

Conclusion

ATSDR is an agency with a relatively short history, but a history that spans much of our nation's response to health concerns resulting from hazardous environmental exposures. ATSDR has worked diligently to address the needs and concerns of communities. ATSDR has assembled a strong record of accomplishment—protecting health near hazardous waste sites, advancing science, and educating health professionals and the public.

I remain committed to ongoing improvement in every aspect of ATSDR's work, enabling ATSDR to achieve the goals assigned by Congress and deserved by the American public: protecting the public's health from dangerous exposures to hazardous substances.

**Testimony of Edward Drusina
U.S. Commissioner
International Boundary and Water Commission
U.S. and Mexico
Before the
Committee on Transportation and Infrastructure
Subcommittee on Water Resources and the Environment
March 4, 2010**

Thank you for the opportunity to submit written testimony about the U.S. Section of the International Boundary and Water Commission's Fiscal Year 2011 budget request and our plans to use appropriated funds to improve infrastructure and quality of life along the U.S. - Mexico border.

The International Boundary and Water Commission is an international body composed of a U.S. Section and a Mexican Section. Each Section is administered independently of the other. The U.S. Section (USIBWC) is a federal government agency headquartered in El Paso, Texas that operates under the foreign policy guidance of the Department of State. The Commission is charged with applying the boundary and water treaties between the two countries and settling differences that arise in their application. In accordance with the treaties, the Commission is charged with the identification and solution of boundary and water problems arising along the 2000-mile border, including the southern borders of Texas, New Mexico, Arizona, and California.

The FY 2011 total budget request for the USIBWC is \$74.3 million.

The Salaries and Expenses (S&E) account request in FY 2011 is \$47.4 million to cover expenses related to administration, engineering, and operations and maintenance, to ensure compliance with U.S. Government rights and obligations under treaties and agreements between the U.S. and Mexico that are within the purview of the Commission.

To carry out its duties, the USIBWC has eight field offices that span the border from San Diego, California to Brownsville, Texas. Staff in these offices operate and maintain a myriad of projects, including many operated jointly with Mexican Section personnel based in companion offices on the Mexican side of the border. Of the \$47.4 million request, \$37 million would be allocated for operations and maintenance (O&M). This activity finances the measurement and determination of the national ownership of boundary waters and the U.S. share for O&M of wastewater treatment plants, dams, hydroelectric power plants, river channel and levee projects, water quality control efforts, and boundary demarcation activities.

The S&E account request also includes \$7.5 million for administration, which covers negotiations and management of joint projects with Mexico to address international boundary, water, and environmental problems; the operation of the U.S. Section of the Commission; formulation of operating policies and procedures; and financial management and administrative services to carry out international obligations of the U.S. pursuant to treaty and congressional authorization.

An amount of \$3 million for engineering is also covered in the S&E appropriation. This funding is for technical engineering guidance and supervision of planning, construction, O&M, and environmental monitoring and compliance, studies relating to international

problems of a continuing nature; and preliminary surveys and investigations to determine the needs for and feasibility of projects for the solution of international problems arising along the boundary.

The FY 2011 Construction budget request of \$26.9 million is \$16.35 million below the FY10 Construction appropriation (excluding amounts appropriated under the American Recovery and Reinvestment Act of 2009). Of this amount, \$21.4 million is requested for the rehabilitation and improvement of aging Rio Grande flood control levees in high priority areas in New Mexico and Texas. These upgrades are needed to provide the necessary protection to communities against the 100-year Rio Grande flood in accordance with criteria established by the Federal Emergency Management Agency (FEMA).

The Construction request includes \$5 million for the rehabilitation and improvement of our diversion and storage dams in the Rio Grande. Recent Safety of Dams inspections have identified seepage problems at the two large international storage dams on the Rio Grande - Amistad and Falcon. This funding will be used to initiate the implementation of remediation efforts based on recommendations obtained from previously funded investigations conducted to address safety concerns. The Commission's joint technical advisors have rated Amistad Dam as "urgent, potentially unsafe" and Falcon as "high priority, conditionally unsafe."

Another \$0.5 million is requested for the Resource Management Program to respond to aging facilities constructed between 1930 and 1950, which require major rehabilitation work to meet OSHA safety standards;

The USIBWC welcomes your support as we implement these projects as part of our mission to address boundary and water issues along the U.S.-Mexico border. Thank you for the opportunity to provide written testimony about the FY11 request for the USIBWC. My staff and I would be pleased to respond to any questions you may have about this testimony.

**WRITTEN STATEMENT OF
DAVID KENNEDY
ACTING ASSISTANT ADMINISTRATOR FOR OCEAN SERVICES
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE**

**ON THE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION'S
FY 2011 BUDGET REQUEST**

**BEFORE THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
U.S. HOUSE OF REPRESENTATIVES**

March 4, 2010

Madam Chairwoman and members of the Committee, thank you for inviting me to provide a written statement regarding FY 2010 budget request plans and priorities for National Oceanic and Atmospheric Administration (NOAA). My name is David Kennedy and I am the Acting Assistant Administrator for NOAA's National Ocean Service.

NOAA's mission and priorities support Secretary of Commerce Gary Locke's priorities through innovation in science and technology, services benefitting the economy and ecosystems, and green and blue businesses underscored by a solid foundation of environmental information and stewardship. A healthy environment and a strong economy go hand in hand. Recreational and commercial activities, representing billions of dollars in economic impact, depend on healthy coastal, ocean and fresh water environments and the services they provide. NOAA is assisting communities with the data, tools, technology, training, and essential services and knowledge needed to make decisions in diverse disciplines and sectors – from the innovative management of our natural resources to the investments we make in public infrastructure.

The FY 2011 President's Budget provides a solid foundation to continue to advance NOAA's mission. This is a critical budget for the Administration and NOAA, and provides support for meeting our most pressing needs. The FY 2011 request is \$5.6 billion, representing an \$806 million increase over the FY 2010 enacted level. After careful consideration of the key issues facing the Nation in which NOAA is mandated to and able to respond, we developed a set of priorities that helped to shape this budget and will guide our actions in the coming years. These priorities include ensuring the continuity of climate, weather, and ocean observations; eliminating overfishing and ensuring the sustainability of marine fisheries; strengthening climate science and services; promoting healthy and resilient coastal communities and ecosystems; improving weather forecasts and disaster warnings; and strengthening Arctic science and stewardship. Before discussing the details of this budget request, it is important to document some significant areas of progress over the last fiscal year.

FY 2009 ACCOMPLISHMENTS**Climate**

In the area of climate, we have continued to provide climate observations and analysis while engaging other federal agencies, the private sector, the science community, and many others on how to strengthen our climates services. In FY 2009, NOAA calculated sea-level trends for an additional 70 global stations. We also deployed ten additional Historical Climate Monitoring sites to provide high resolution regional climate data. Climate studies by NOAA scientists showed that changes in surface temperature, rainfall, and sea level are largely irreversible for more than 1,000 years after carbon dioxide emissions are completely stopped, and Arctic summers may be ice-free in as few as 30 years.

Satellites

We are working to resolve many of the management challenges that will allow us to get our future polar satellite program "back on track." These management challenges go back many years and resulted in significant delays and cost overruns. We still have a great deal of work to do, but this attention is critical to the continuity of the nation's weather and climate information. In FY 2009, our other satellite programs saw major milestones accomplished with the launch of NOAA-19, a polar-orbiting satellite, and GOES-14, a geostationary satellite. These satellites are critical for NOAA's weather-forecasting, storm-tracking, and space- and climate-monitoring missions. NOAA satellites also provided key support in the rescue of 184 people throughout and near the United States during FY 2009, providing their location to emergency responders.

Weather

Concern for public safety drives NOAA to continue to improve the timeliness and accuracy of warnings for all weather-related hazards. NOAA is committed to enhancing timely and accurate weather and climate forecasts through better observations, improved data assimilation, and collaboration with the research community. To this end, NOAA alerted the communities in Upper Mid-West in early February of record flooding they would experience in late March and April in the Red River Valley. NOAA also provided a Winter Outlook in early October which has been spot-on in advising the American public of the conditions expected through February, including the El Nino-driven storms which have swept through the southern tier of the Nation, bringing heavy rains, snow and flooding from California to the Mid-Atlantic since December.

Fisheries

We have made important progress in rebuilding our fisheries, recovering protected species and sustaining the livelihoods and communities dependent upon them. We introduced a draft catch share policy and are committed to improving relationships with the recreational and commercial fishing communities. We are exploring ways to improve fisheries enforcement efforts, as well as the science used to inform fisheries management decisions. We are also considering ways to expedite *Endangered Species Act* consultations to allow projects to move forward more quickly

while ensuring needed species protections. In FY 2009, NOAA continued to make progress in meeting the mandates of the *Magnuson-Stevens Fishery Conservation and Management Reauthorization Act*. NOAA also commissioned the NOAA Ship *Pisces*, which will support fisheries research in the Gulf of Mexico and the Southeast United States.

Oceans and Coasts

NOAA was fully engaged in the President's Interagency Ocean Policy Task Force, participating in and supporting every public hearing and attending every working group and Task Force meeting. The result of the Task Force's effort was the release of a draft national ocean policy and interim framework for coastal and marine spatial planning, the first time any Administration has so clearly committed to the ideal that "healthy oceans matter." Protecting and restoring critical habitat is essential for healthy oceans. In FY 2009, NOAA's Coastal Estuarine and Land Conservation Program acquired or put under easement over 4,000 coastal acres.

ARRA Stimulus Funding

The distribution and management of funding made available through the *American Recovery and Reinvestment Act of 2009* (ARRA) is a success story for NOAA, as are the results of our projects. NOAA has obligated approximately 70 percent of the \$830 million received. We have met all of our planned milestones and expect to obligate the remaining funds in the coming months. With this funding, we have infused new resources into the economy and also invested in critical infrastructure to meet NOAA's mission needs. I am particularly proud of our efforts to restore habitat, creating jobs as we restore ecosystems. We awarded 50 grants for marine and coastal habitat restoration in 22 states and territories, obligating \$155.4 million. Many of these projects were located in areas of high unemployment and have provided jobs to Americans during a critical phase of our economic recovery. For example, NOAA grant recipients reported creating or saving 372 jobs for the period of October 1 through December 31, 2009.

The progress we have made toward our strategic priorities and the improvements made to NOAA's core functions and infrastructure set the stage for even more success in the years to come.

FY 2011 BUDGET REQUEST HIGHLIGHTS

The FY 2011 Budget reflects NOAA's efforts to focus on program needs leading to measureable outcomes, identify efficiencies, and ensure accountability. The budget includes new research and development investments to strengthen our science (including climate) mission and foster innovation; provides investments to rebuild and improve fisheries and the economies and communities they support; and proposes targeted investments to sustain and enhance satellite observations, including a major realignment of our NPOESS program.

Meeting the Rising Demand for Climate Services

President Obama has made it clear that addressing climate change is a high priority, and that good government depends on and should be informed by strong scientific knowledge. NOAA has become a global leader in reporting on the state of essential climate variables. NOAA proposes to establish a new line office called NOAA Climate Service. This office would bring together NOAA's longstanding and outstanding capabilities — Nobel Peace Prize award-winning researchers and assessments, observations, predictions, training and vital on-the-ground climate services delivery to users in climate-sensitive sectors and economies. A single climate office, rather than the current dispersed structure, will enable NOAA to better address the growing need for climate services. NOAA's FY 2011 request includes \$435 million in support of the U.S. Global Change Research Program, with \$77 million in new increases for core climate services and observations (excluding increases for geostationary and polar-orbiting satellites) needed to enable the Nation to more effectively address the impacts of climate change. Climate science encompasses an immense breadth of topics ranging from those that are well understood and documented, such as greenhouse gases, to those on the cutting edge of knowledge, such as ocean acidification and melting sea ice.

For example, the increasing acidity of the world's oceans has the potential for devastating effects on marine life and ocean ecosystems, but the degree to which various organisms may be capable of adapting to a more acidic environment is uncertain. More investments in ocean acidification are required to reduce this uncertainty and consider means to respond and/or adapt. In FY 2011, NOAA requests an increase of \$6.1 million, for a total of \$11.6 million, to support new technologies and ecosystem monitoring systems to better assess the physiological and ecosystem level effects of ocean acidification on productivity and the distribution of commercial and recreational marine fish stocks.

The impacts of climate change are evident on both a global and local scale. The Arctic, in particular, is an emerging area of international concern, as it continues to experience profound atmospheric, terrestrial, and oceanic changes related to climate variability and change. With an increase of \$3 million, for a total of \$6.3 million requested in FY 2011, NOAA will improve and amplify representation of Arctic climate processes in global climate models, strengthen our network of observations, and provide user-focused research assessments for the region.

Scientific assessments are integral for enhancing our understanding of climate — both to determine how and why climate is changing, but also what the changing conditions mean to our lives and livelihoods. NOAA will provide climate assessments on both the regional and national levels to meet society's increasing demand for climate data and information. A requested increase of \$10 million will establish regional and national assessments that will synthesize, evaluate, and report on climate change research findings, evaluate the effects of climate variability and change for different regions, and identify climate risks and vulnerabilities.

Strong scientific assessments incorporate information provided by NOAA's climate models and carbon observing systems. Climate models are the only means of estimating the effects of increasing greenhouse gases on future global climate. In FY 2011, NOAA requests an increase of \$7.0 million, for a total of \$9.6 million, to continue development of Earth system models to address urgent climate issues such as sea level rise, feedbacks in the global carbon cycle, and

decadal predictability of extreme events. An increase of \$8.0 million, for a total of \$20.9 million, will allow NOAA to continue implementation of the Carbon Tracker Observing and Analysis System, which is an observational and analysis network that measures carbon dioxide and other greenhouse gases. This system will serve as the backbone for verifying greenhouse gas emission reduction and mitigation efforts in North America.

Improve Satellite Observations and Management

NOAA's satellites provide the data and information that are vital to every citizen in our Nation – from weather forecasts, to safe air, land, and marine transportation and emergency rescue missions, we all use satellite products in our everyday life. One of the greatest challenges that NOAA faces today is ensuring continuity of satellite data and operations to provide state-of-the-art, unbroken coverage that supports weather and marine forecasting; climate assessments and change predictions; and space weather forecasts. With the FY 2011 budget request, we will invest in multiple satellite acquisition programs for the continuity of critical weather, climate, and oceanographic data.

A funding increase of \$678.6 million, for a total of \$1.1 billion, is requested to support the Administration decision to restructure the NPOESS program and create within NOAA the Joint Polar Satellite System. This large increase reflects the Administration's determination that beginning in FY 2011, NOAA will fully support within its own budget the procurement and development of the assets for the afternoon orbit. Restructuring the NPOESS program will allow NOAA to continue the development of critical earth observing instruments for the afternoon orbit, which are required for improving weather forecasts, climate monitoring, and warning lead times of severe storms. The restructured program separates civilian and military satellite procurements, but retains sharing of common assets such as the ground system and data. The National Aeronautics and Space Administration (NASA) will serve as the lead acquisition agent for NOAA, continuing the long and effective partnership on all of our polar-orbiting and geostationary satellite programs to date. There is still much work that remains, but NOAA is committed to working with our partners to ensure a smooth transition to assure the continuity of Earth observations from space.

NOAA is requesting an increase of \$62.5 million, for a total of \$730 million, to continue the development of the Geostationary Operational Environmental Satellite – Series R (GOES-R) program. This increase will provide for the continued development of six GOES-R satellite instruments, the spacecraft, and ground systems to be prepared for launch near the end of 2015. The acquisition of NOAA's GOES-R series, in partnership with NASA, is progressing on track. The new satellites will carry improved environmental sensors to enable NOAA's forecasters to enhance the timeliness and accuracy of their severe weather warnings. Also, this next generation of GOES satellites will provide advances in NOAA's observation capabilities, including improvements to coastal ecosystems, space weather, and lightning observations through continued funding of instruments such as the Advanced Baseline Imager, Solar Ultra Violet Imager, Extreme Ultra Violet Sensor/X-Ray Sensor Irradiance Sensor, Space Environmental In-Situ, and Geostationary Lightning Mapper.

Global sea level rise directly threatens coastal communities and ecosystems through increased exposure and erosion, more frequent storm-surge and tidal flooding, and loss of natural habitat due to drowned wetlands. NOAA's budget requests an additional \$30.0 million for a total of \$50 million to continue development of the Jason-3 satellite that will provide continuity of sea surface height measurements, thus ensuring an uninterrupted climate record of over 20 years. The Jason-3 mission is a joint U.S. – European partnership with U.S. and European funding.

NOAA requests a \$3.7 million increase to partner with the Taiwan National Space Organization for the launch of 12 satellites to replenish and upgrade the Constellation Observing System for Meteorology, Ionosphere, and Climate (COSMIC) satellite constellation. This program is a cost effective means of obtaining information about the temperature and moisture in the atmosphere around the globe that will improve forecasting accuracy.

Finally, a requested increase of \$9.5 million will support, in cooperation with NASA, the refurbishment of the existing NASA Deep Space Climate Observatory (DSCOVR) satellite, its solar wind sensors, and the development of a Coronal Mass Ejection (CME) Imager. The data and information provided by DSCOVR will support the operations of the National Weather Service Space Weather Prediction Center, which generates accurate and timely 1-4 day forecasts and warnings of geomagnetic storms that could adversely affect power grids, telecommunications, the health and safety of astronauts, and the viability of satellite systems.

Transform Fisheries and Recover Protected Species

Ending overfishing, improving fisheries management and putting fisheries on a path to sustainability and profitability are still challenges for NOAA. I would like to highlight areas in the FY 2011 budget that support targeted investments to continue fulfilling NOAA's responsibilities under the *Magnuson-Stevens Fishery Conservation and Management Reauthorization Act*, and that will help to sustain local communities while restoring a number of vital fisheries stocks and habitats.

NOAA recently released a draft catch share policy to encourage the consideration and adoption of catch shares wherever appropriate in fishery management and ecosystem plans and amendments, and will support the design, implementation, and monitoring of catch share programs. Catch share programs give fishermen a stake in the benefits of well-managed fisheries, and therefore greater incentive to ensure effective management. To support NOAA's policy, this budget includes an increase of \$36.6 million, for a total request of \$54 million, to establish a National Catch Share Program. This program will provide a national framework to develop, manage, and improve catch share programs in fisheries across the Nation. This increase will also continue the transition of the Northeast ground fish (multispecies) fishery to sector management as well as support new voluntary catch share programs in the Mid-Atlantic, Gulf of Mexico, and Pacific Coast regions.

Managing fisheries to their full potential requires additional efforts focused on habitat condition and ecosystem functioning, which provide the foundation for species recruitment and survival. The FY 2011 budget request includes investments in this area through three vital NOAA programs that are focused on threatened and endangered species, but will have a resonating

impact across broad goals for enhancing ecosystem integrity and health. First, through the Community Based Restoration Program, NOAA plans to increase fish passage and spawning and rearing habitat by implementing larger-scale ecological restoration in targeted areas such as wetlands. NOAA is requesting an increase of \$10.4 million for a total of \$23.8 million for this effort in FY 2011. Second, we will continue supporting the Species Recovery Grants Program in FY 2011 with a requested increase of \$9.6 million, for a total of \$20.8 million. This will allow NOAA to provide grants to conduct priority recovery actions for threatened and endangered species, including restoring habitat, monitoring population trends, developing conservation plans, and educating the public. Third, with a total request of \$65 million, the Pacific Coastal Salmon Recovery Grants Program will continue to leverage federal, state, and tribal resources in the Pacific Coast region to implement projects that restore and protect salmonid populations and their habitats.

Another highlight of the FY 2011 request includes support for the restoration and protection of the Nation's largest estuary, the Chesapeake Bay. NOAA supports the President's Executive Order to restore the Chesapeake Bay by providing enhanced understanding of the relationships between the Bay's living resources and habitat, coordinating protection and restoration of key species and habitats across jurisdictional lines, and supporting a coordinated system of monitoring platforms distributed across the Bay. We are requesting an increase of \$5 million, for a total of \$7.1 million, for regional studies in the Bay. This investment will ensure NOAA has state-of-the-art field and laboratory equipment in place in FY 2011, which will be used to address the mandates of the President's Executive Order in FY 2011 and beyond.

In addition to expanding scientific understanding in the Chesapeake Bay, NOAA scientists are developing integrated ecosystem assessments (IEA), a critical tool for understanding the interactions between multiple species and for helping to manage and sustain critical stocks and habitats. IEAs allow managers to weigh trade-offs between sectoral uses and evaluate the socioeconomic implications of management actions. Most importantly, IEAs provide guidance to ensure the most cost-effective and informed resource management decisions. In FY 2011, NOAA is requesting an increase of \$5.4 million, for a total \$7.5 million investment, to focus primarily on the California Current Ecosystem, but to also engage work on the Gulf of Mexico and Northeast Shelf IEAs.

Vibrant Coastal Communities and Economies

It was estimated that in 2003, approximately 153 million people — or 53 percent of the Nation's population — lived in the 673 U.S. coastal counties, an increase of 33 million people since 1980. It is estimated that this number will increase by 12 million people by 2015. In addition, over half of the U.S. Gross Domestic Product is generated in coastal counties, highlighting their critical importance to the Nation's economy. This population increase is straining the limited land area of coastal counties. Coupled with the important economies of coastal areas and the demands for ecosystem services, it is becoming increasingly difficult to manage coastal resources in the context of competing uses. NOAA's FY 2011 budget provides key investments to promote sustainable, safe use of coastal areas and to support the economies of these coastal areas.

As stated in the interim report of the Interagency Ocean Policy Task Force, current and future uses of ocean, coastal, and Great Lakes ecosystems and resources should be managed and effectively balanced. I would like to highlight areas in our request that support this goal and other Administration priorities.

Human uses of ocean resources are accelerating faster than our ability to manage them. Increasing conflicts are unavoidable as demands increase for ocean-based energy, marine aquaculture, commercial and recreational fishery products, shipping and navigation services, and other activities. The Administration's Interagency Ocean Policy Task Force released the Interim Framework for Effective Coastal and Marine Spatial Planning in December 2009, which is aimed at enhancing and streamlining ocean management decisions to ensure the health of vital ocean ecosystems as human uses increase. Current management approaches are ad hoc and fragmented at the federal, state, and local levels. NOAA is a leader in providing tools and services that support coastal and marine spatial planning efforts. Our existing programs have established a foundation for coastal and marine spatial planning that could be used government-wide across jurisdictions and sectors. In FY 2011, NOAA requests an increase of \$6.8 million to support coastal and marine spatial planning, which will enhance existing efforts for sustainable fisheries, safe navigation, improved water quality, living marine resources and critical habitat protection.

NOAA's request further supports coastal and marine spatial planning efforts with a \$2 million increase to support the Gulf of Mexico Coastal and Marine Elevation Pilot to develop robust geospatial framework, including high-resolution topographic and bathymetric datasets. These datasets will provide a better understanding of baseline variables needed to enhance coastal community resilience, wetland loss and erosion, and the potential for degradation of key ecosystem services. This pilot will begin in the Gulf of Mexico and be extended to other regions and applications over time.

The Nation's coastal communities and economies depend on healthy coastal resources, which are threatened by fragmented planning and management of societal use of coastal lands and waters. Regional ocean governance mechanisms facilitate the effective management of ocean and coastal resources across jurisdictional boundaries by improving communications, aligning priorities, and enhancing resource sharing between local, state, and federal agencies. Our request of a \$20 million increase will establish a competitive grants program to advance effective ocean management (including coastal and marine spatial planning) through regional ocean governance. The program will help support priority actions, in association with states, identified in plans of the existing regional ocean partnerships. Support for these partnerships will also encourage development of comprehensive, coastal and marine spatial plans, which are consistent with the President's Ocean Policy Task Force Interim Framework for Effective Coastal and Marine Spatial Planning.

To better protect the public health of our coastal citizens and tourists, NOAA requests an increase of \$9.5 million, for a total of \$12.5 million, to support research into technologies that better detect, identify, characterize, and quantify disease-causing microbes, toxins, and contaminants in marine waters. These funds will be used to target sensor development, which

will support ocean and coastal related Health Early Warning Systems, identify risks, and promote public health.

In addition to public health hazards, coastal communities are vulnerable to hardship and costs associated with episodic and chronic natural hazards, such as hurricanes, sea-level rise, and coastal erosion. Our request of a \$4 million increase will support the development of tools, such as web portals, Geographic Information System (GIS) products, and forecast models, to help coastal communities mitigate the impacts of climate and weather hazards.

Ensure Timely Weather Forecasts

Weather impacts our lives and the economy. The United States experiences a broader variety of severe weather than any other Nation on Earth, from hurricanes in the south, east, and west, to arctic storms in the north. Each year, NOAA provides 76 billion observations, 1.5 million forecasts, and 50,000 warnings to mitigate the impact of weather events and protect life and property. The FY 2011 Budget Request proposes important increases in both weather operations and weather research.

Weather is a factor in over 70 percent of air-traffic delays, costing approximately \$29 billion annually¹. Two thirds of all weather delays are preventable with more accurate and timely weather information. To meet the rising demands of air transportation, NOAA is involved in a collaborative partnership with the Federal Aviation Administration to create the Next Generation Air Transportation System. NOAA requests an increase of \$15.1 million, for a total of \$26.7 million, to modernize our aviation weather forecasts and warnings. This funding will provide much needed improvements to processing systems and models, as well as new products for pilots.

NOAA is dedicated to continually upgrading existing weather tools to keep up with growing needs and improved technologies, as well as investing in research to develop new products. NOAA requests an increase of \$3.2 million, for a total of \$11.1 million, to install additional components to the Nation's fleet of NEXRAD Doppler weather radars to improve their accuracy in determining the quantity and type of precipitation. Doppler weather radar is the primary tool used to issue local storm warnings for flash floods, tornadoes, and severe thunderstorms. Looking to the future, NOAA also requests an additional \$6 million, for a total of \$10 million, to continue developing Multi-Function Phased Array Radar technology, which shows great promise as the next major improvement in weather detection. These funds will examine the benefits and efficiencies associated with this next-generation radar technology. Multi-Function Phased Array Radar's ability to rapidly scan large areas could provide an enormous advantage to radar meteorologists over current capabilities, and in turn enhance weather and climate warnings for the public.

Water resource and precipitation monitoring and forecasting have become a particular challenge with increases in population, drought, and frequent changes in commercial shipping needs. On

¹ See the Federal Aviation Administration's Research, Engineering and Development Advisory Committee's *Report of the Weather-ATM Integration Working Group*, 3 Oct, 2007; available at http://www.jpdo.gov/library/FAA_REDAC_Report.pdf.

an annual basis, the majority of federally declared disasters are due to flooding. In FY 2011, NOAA requests an increase of \$7.7 million for a total of \$12.9 million, to research, develop, and deliver water forecasting services for river, estuary, and coastal areas that do not currently have these capabilities.

In addition, the FY 2011 Budget includes \$2 million, for a total of \$13 million, for the national Space Weather Prediction Center (SWPC). Millions of precision Global Positioning System users, satellite operators, commercial and military space and aviation activities, and power grid operations will be vulnerable to a new round of solar storms during the predicted upcoming solar maximum. This investment will improve information technology systems at the SWPC and enhance space weather alerts and warnings to avoid potential disruptions to the Nation's shared infrastructure on which the public relies.

Finally, NOAA requests an additional \$2.2 million, for a total of \$14.5 million, to provide a necessary technology refresh and frequency conversion for our network of wind profilers. This 20-year-old system provides high-frequency wind data for severe weather warnings and watches of tornadoes, flash floods, and winter storms, short-term forecasts, and detection of volcanic ash plumes.

Program Support

In order to deliver sound science and services, NOAA must continue to invest in its information technology (IT) infrastructure, the quality and construction of NOAA facilities, and recapitalization. NOAA experiences thousands of cyber attacks every month. A requested increase of \$8.7 million will enhance security monitoring and response capabilities, and consolidate our IT infrastructure into a single enterprise network. In addition, NOAA needs to continue to replace key facilities to ensure employee safety and maintain mission continuity. This budget includes an increase of \$14 million for the Pacific Regional Center which brings together NOAA programs on Oahu, Hawaii. While the *ARRA* funds we received in FY 2009 helped fund basic construction of the facility, additional funding is needed in FY 2011 to procure and install the information technology infrastructure for the new facility. The budget also includes an increase of \$5 million to support the replacement of the bulkhead at NOAA's Atlantic Marine Operations Center.

NOAA's fleet plays an essential role in accomplishing NOAA's environmental and scientific missions. The FY 2011 budget continues the recapitalization of NOAA's fleet, critical for data collection to meet fisheries management mandates. A \$6.2 million increase is requested to address vessel maintenance backlog, and to increase preventative maintenance rates for the fleet. An additional \$7.4 million is requested to accelerate a planned FY 2013 Major Repair Period to address structural, mechanical, and electrical breakdowns of the *Miller Freeman*. Lack of repair to this valuable ship would result in lost days at sea and impact NOAA research. Finally, we request \$3 million towards the design of a fishery survey vessel to replace the OREGON II, an aging fishery survey vessel operating in the Gulf of Mexico. Another \$1.4 million is requested for project management of a new fishery survey vessel that is being built using *ARRA* funding.

CONCLUSION

Overall, NOAA's FY 2011 Budget Request reflects the commitment of the President and the Secretary to public safety, a healthy environment, sound science underpinning decision making, and job creation. These resources are critical to the future success of meeting our needs in climate, fisheries, coasts, and oceans. I look forward to working with you, the Members of this Committee, and our constituents to achieve the goals I've laid out here through the implementation of the FY 2011 budget.

Thank you for the opportunity to present NOAA's FY 2011 Budget Request. I am happy to respond to any questions the Committee may have.

**STATEMENT OF DAVE WHITE, CHIEF
NATURAL RESOURCES CONSERVATION SERVICE
U.S. DEPARTMENT OF AGRICULTURE
BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON WATER RESOURCES AND THE ENVIRONMENT**

March 4, 2010

Ms. Chairwoman and Members of the Subcommittee, thank you for the opportunity to provide a written statement to discuss water resource program activities of the Natural Resources Conservation Service (NRCS). Through the water resource programs that NRCS administers, our employees work in partnership with local leaders to improve the overall function and health of our Nation's watersheds. Our goal is to improve the quality of local water resources, while providing protection from floods and mitigating the effects of natural disasters.

I will describe our ongoing work in this area, and discuss our proposed budget and priorities for fiscal year 2011. I will specifically address three programs: 1) Watershed and Flood Prevention Operations, 2) Emergency Watershed Protection, and 3) Watershed Rehabilitation.

The Watershed Protection and Flood Prevention Act (Public Law 83-566) established the foundation for the Agency's water resource programs. This statute, along with the Flood Control Act of 1944 (Public Law 78-534), provided NRCS with the authority to complete work on approximately 2,000 watershed projects nationwide, through which we have helped local communities construct approximately 11,300 flood control structures. The structures and other water resource program measures implemented through these watershed projects provide more than \$2 billion in local benefits every year by controlling floods, conserving water, controlling soil erosion and sedimentation, and improving community water supply.

NRCS assists with the planning and implementation of watershed projects, and serves as a technical advisor, bringing science, technology, and knowledge about the natural resource base and ecosystems of the watershed, and has served as a source of funding, to implement these projects. The local sponsoring organizations submit an application for Federal assistance, assure public participation, make project planning and implementation decisions, obtain land rights and permits, provide local cost-share funds, operate and maintain project measures, and carry out all phases of the project installation according to NRCS policy. Once completed, the projects are owned by the local sponsor, and local sponsors are responsible for project operation and maintenance.

Fiscal Year 2011 Budget Proposal

The President's fiscal year 2011 budget includes \$40.5 million in funding for the Watershed Rehabilitation program, a small increase over the fiscal year 2010 requested funding level; does not recommend new funding for the Emergency Watershed Program; and does not include funding for the Watershed and Flood Prevention Operations program. In recent years, Congress has earmarked virtually all of the latter program, meaning that NRCS is unable to prioritize allocation of these funds or direct funding to projects that are cost effective. In addition, most benefits from these projects are highly localized and we anticipate unfinished projects will continue to receive local support from project sponsors. Summaries of the Watershed and Flood Prevention Operations, Emergency Watershed Protection, and Watershed Rehabilitation programs are as follows:

Watershed and Flood Prevention Operations

The Watershed and Flood Prevention Operations Program consists of projects authorized under two authorities: the Flood Control Act of 1944 (P.L. 78-534) and the Watershed Protection and Flood Prevention Act (P.L. 83-566).

The Flood Control Act of 1944 authorized the Secretary of Agriculture to install watershed improvement measures to reduce flood, sedimentation, and erosion damages; further the conservation, development, utilization, and disposal of water; and foster conservation and proper utilization of land. Flood prevention work is authorized in the 11 watersheds designated in the Flood Control Act.

The Watershed Protection and Flood Prevention Act (P.L. 83-566) provides for cooperation between the Federal Government and the States and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages; to further the conservation, development, utilization, and disposal of water; and to further the conservation and proper utilization of land in authorized watersheds.

The P.L. 78-534 and P.L. 83-566 programs have similar authorities. The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations, and other policies and procedures used in P.L. 78-534 projects generally parallel those used in P.L. 83-566 projects. Three examples of successful projects include:

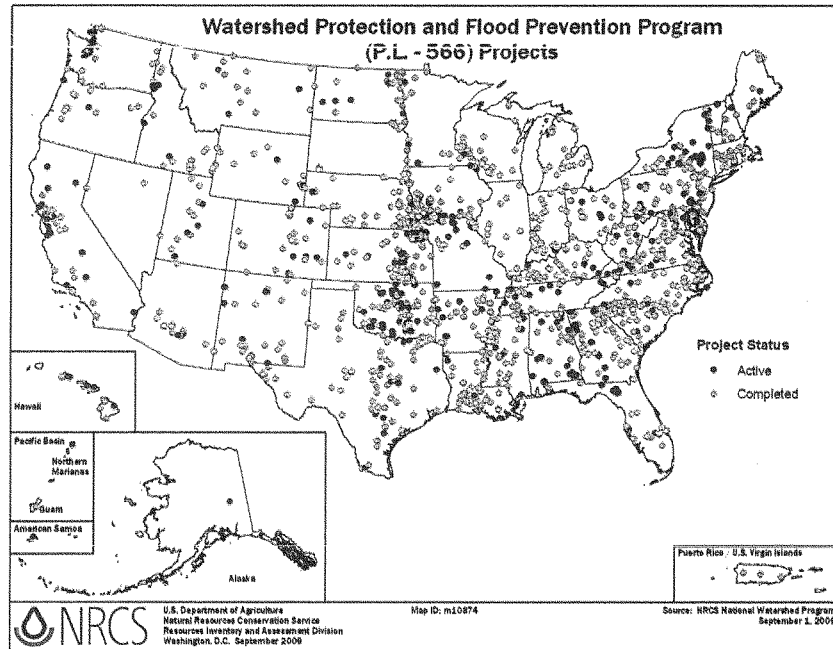
Hawaii: Lower Hamakua Ditch Watershed. The Lower Hamakua Ditch Watershed Project is located in the Hamakua coast area of the Island of Hawaii. Authorized in 1999, the project is sponsored by the State of Hawaii Department of Agriculture, the Mauna Kea Soil and Water Conservation District, and the Hamakua Soil and Water Conservation District. This project will increase the availability and reliability of agricultural water to diversified farmers and ranchers along the Hamakua coast through the repair and restoration of the Lower Hamakua Ditch. Since 2001, design and construction have resulted in the installation of two water storage reservoirs, two pipeline distribution

laterals, repair or replacement of 31 flume structures, modification of 3 intake structures, realignment of the Hakalaoa Falls Tunnel, and reconstruction of 2 historic redwood flumes. Remaining construction elements include the repair of ditch linings, exclusion fencing, a Supervisory Control and Data Acquisition system, eight distribution lateral systems, and on-farm land treatment practices. Full project completion is anticipated in 2017. This project will help to expand the diversified agricultural base in Hamakua and promote economic revitalization of the Hamakua coast.

Kentucky: Pigeon Roost Watershed. Kentucky NRCS in cooperation with the local sponsors (City of McKee, the Jackson County Fiscal Court, and the Jackson County Conservation District) recently completed construction of the Pigeon Roost Flood Retarding Structure No. 3 (FRS 3) in Jackson County, Kentucky. Pigeon Roost FRS 3 is the 200th floodwater retarding structure built in Kentucky under the PL-566 and the Pilot Watershed Programs. FRS 3 is also the fourth flood protection structure built in the Pigeon Roost Watershed that reduces flooding of residential and businesses properties in the City of McKee, Kentucky. This watershed structure provides over \$167,000 of annual agricultural flood damage reduction benefits, over \$685,000 of annual non-agricultural flood damage reduction benefits, and provides floodwater protection to over 850 residents of the City of McKee.

Wyoming: Allison Draw Flood Control Project. Average annual benefits of \$359,600 are being realized on the Allison Draw Flood Protection Project located in Wyoming's southeast corner, near Cheyenne. Allison Draw, which is not a perennial stream, drains a small watershed of 11,500 acres fed by groundwater in the lower section. Years ago, since the drainage does not have water year around, developers constructed housing and provided business locations in the draw. Eventually, the shift in land use closed the stream channel. While normally the stream is dry, a significant rain storm would place up to 289 homes and businesses at risk of flood damage. Starting in 1993, NRCS helped the local sponsor develop a plan and an Environmental Impact Statement for the Draw. The final phase of the project, which constructed an environmentally friendly water conveyance measure, was completed in 2009.

The map below shows the completed and active watershed projects across the United States:



For a number of years, NRCS has had little ability to actively manage the Watershed Flood Prevention and Operations program because it has been nearly 100 percent earmarked through the annual appropriations process. This prevents NRCS from using its merit-based criteria to select projects that address national priorities and accrue the greatest environmental benefit. For this reason, the FY2011 budget does not request any funding for this program.

The American Recovery and Reinvestment Act of 2009 provided \$145 million for Watershed and Flood Prevention and Operation projects. This funding has been used to approve 87 projects, in 26 states, that provide land treatment, erosion control, water conservation, water quality improvements and flood mitigation for high priority watersheds. These projects when completed will provide the following benefits:

- \$431 million annual monetary benefits for the next 50 to 100 years from reduced flooding
- 9,749 farms and ranches benefited
- 997 bridges benefited
- 102 domestic water supplies protected

- 4,484,658 tons/year reduction in sediment
- 892 miles of streams enhanced and protected
- 75,213 acre-feet of water conserved
- 17,202 acres of wetland enhanced and restored
- 13 sites in which threatened and endangered species benefited.

Eight new Watershed Operations projects have been authorized for federal funding since the beginning of the Obama Administration.

Six of the projects were of the size and scope that they could be authorized without Congressional action. Those projects are as follows: Colorado-Beaver Creek Watershed; Idaho-Southern Washington County Water Quality Project; Louisiana-Red Bayou Watershed; South Carolina-South Darlington Watershed; Virginia-North Fork Powell Watershed; and Wyoming-Kaycee Flood Prevention Project.

Two of the eight projects were of a size and scope that approval by the House and Senate Agriculture Committees was required. One is the Cape Cod Water Resources Restoration Project, in Massachusetts, which will result in the restoration of 7,300 acres of shellfish beds; the creation of 4,200 acres of migratory fish runs; and improvement of 1,500 acres of degraded salt marshes.

The other large project is the Dunloup Creek Watershed Project, in West Virginia. Through a voluntary buyout program for threatened properties, buildings, houses and other facilities will be removed from up to 203 acres of the 100-year floodplain, and it will be restored to more natural conditions.

The fiscal year 2011 budget request does not include funding for the Watershed and Flood Prevention Operations program because most benefits from these projects are highly localized, and thus we anticipate unfinished projects will continue to receive local support from project sponsors. In some cases, NRCS can provide non-structural land treatment assistance through other programs it administers, including the Conservation Technical Assistance Program and the Environmental Quality Incentives Program.

Emergency Watershed Protection

The purpose of the Emergency Watershed Protection (EWP) program is to undertake emergency measures, including the purchase of floodplain easements, for runoff retardation and soil erosion prevention to safeguard lives and property from natural disasters. The typical process for delivery of this program starts with the local sponsor requesting assistance for a disaster recovery effort. NRCS then conducts a damage assessment to identify if the project is eligible and develops an estimated cost. Typical work under this program ranges from debris removal from clogged streams caused by flooding; installing conservation measures, like reseeding native grasses, to prevent soil

erosion on hillsides after a fire; or replanting and reshaping stream banks because of erosion caused by flooding.

Here is a recent example of the kind of work we accomplish through EWP.

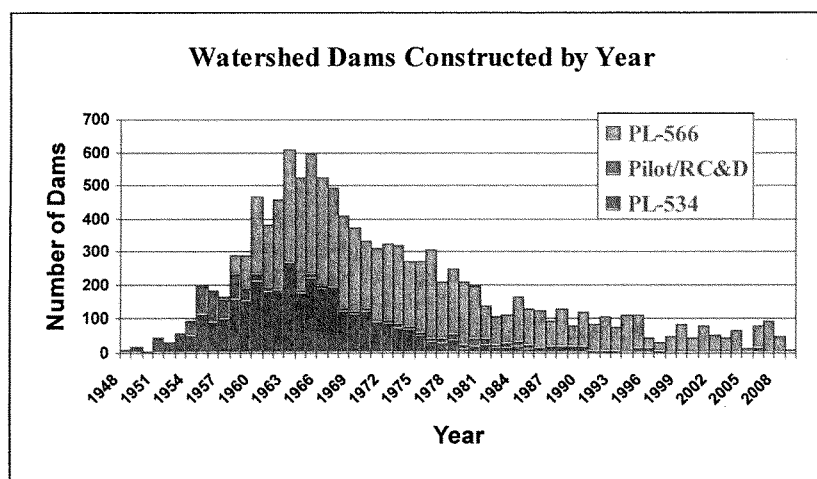
- In the fall of 2009, immediately after the very large Station Fire event in Los Angeles County, California, NRCS worked with sponsors to implement an EWP project installing 10,000 linear feet of K-rail and over 4,000 feet of sandbags, as well as enlarging the storage capacity of 3 debris basins in the area at a cost of about \$900,000. In addition, NRCS provided exigency funding to carry out work in areas where there was an immediate threat to life and property.

In each of these situations, NRCS designed all the necessary engineering solutions, surveyed the area for potential impacts to unknown archeological resources, consulted with the U.S. Fish and Wildlife Service to avoid impacts to threatened and endangered species, and provided onsite construction inspection.

EWP received \$490 million in supplemental funding in fiscal year 2008. Supplemental appropriations bills are the customary source of funds for EWP, and thus the FY 2011 President's Budget does not propose funding for this program.

Watershed Rehabilitation

Since 1948, over 11,300 flood control dams have been built in the 2,000 watershed projects across America. Many of these dams were designed for a 50-year life span and now are at or near that age. The following graph illustrates the years and the programs in which these 11,300 structures were built:



Since enactment of the Watershed Rehabilitation Amendments of 2000 and subsequent amendments in the 2008 Farm Bill, NRCS has either completed or initiated construction on 139 aging dams. NRCS is actively helping local communities rehabilitate aging dams, with the average dam rehabilitation costing roughly \$1.8 million. These dams were originally constructed with NRCS assistance but are owned, operated, and maintained by local sponsors.

Two examples of successful rehabilitation projects include:

- Alabama Choccolocco Creek dam 11 was originally constructed for flood control and water supply. Over the years, population growth and urban sprawl have occurred upstream and downstream from the dam. Rehabilitation of the dam will ensure a safe water supply and provide increased safety to occupants of 23 homes and a multi-million dollar water treatment plant. The Water Works and Sewer Board of Anniston, Alabama performed the contract services for construction and also used their own staff to upgrade the auxiliary spillway and build the concrete parapet wall to raise the top of the dam by five feet.
- Second Creek Dam 12 near Natchez, Mississippi was constructed in 1968 with a low hazard classification. Since then, several homes have been built downstream, raising the hazard class to high. Local sponsors requested technical and financial assistance from NRCS to help rehabilitate the dam to meet the dam safety design criteria for high hazard structures. The rehabilitated dam will provide 100 years of continued flood protection, reducing threat to loss of life from sudden dam failure for the residents in the Second Creek Watershed.

The President's budget request for fiscal year 2011 includes \$40 million in discretionary spending for Watershed Rehabilitation, a small increase from the 2010 enacted funding level. This funding would be used both for planning and assessments of high hazard dams, as well as on-the-ground structural rehabilitation work. The President's budget request proposes no mandatory funding for this program in 2011; \$165 million currently available would be permanently cancelled.

The 2009 Recovery Act provided \$50 million for Watershed Rehabilitation. Twenty-five projects in 11 States have been selected to receive Recovery Act funding.

Summary

In summary, the U.S. Department of Agriculture has accomplished much through the water resource programs over the past 50 years. Economic, social, and environmental benefits from these programs have been significant for both agricultural and urban communities, which will continue to enjoy reductions in erosion, improved water quality, flood mitigation, greater productivity of cropland and rangeland, and many recreational opportunities. However, in the context of the budget request for FY 2011, we need to prioritize limited resources to ensure that we are well positioned to address more pressing challenges ahead, and to meet our budget deficit reduction targets.



**WRITTEN TESTIMONY FOR THE RECORD
COLLISTER JOHNSON, JR., ADMINISTRATOR
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION**

**SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES**

**“AGENCY BUDGETS AND PRIORITIES FOR FY 2011”
MARCH 4, 2010**

The U.S. Saint Lawrence Seaway Development Corporation (SLSDC), a wholly owned government corporation and an operating administration of the U.S. Department of Transportation (DOT), is responsible for the operations and maintenance of the U.S. portion of the St. Lawrence Seaway between Montreal and Lake Erie. This responsibility includes maintaining navigation channels and aids, managing vessel traffic control in areas of the St. Lawrence River and Lake Ontario, and maintaining and operating the two U.S. Seaway locks located in Massena, N.Y.

The SLSDC coordinates activities with its Canadian counterpart, the St. Lawrence Seaway Management Corporation (SLSMC), particularly its rules and regulations, overall day-to-day operations, traffic management, navigation aids, safety, environmental programs, security, operating dates, and business development programs. The unique binational nature of the Seaway System requires 24-hour, year-round coordination between the two Seaway entities.

In 2009, the U.S./Canadian binational St. Lawrence Seaway celebrated its 50th year of serving global commerce with a safe, secure, efficient, reliable, and cost competitive transportation route connecting the five Great Lakes to the world. Over those first 50 years, more than 2.5 billion metric tons of cargo, valued at more than \$375 billion, has moved through the 15-lock waterway.

The St. Lawrence Seaway directly serves an eight-state, two-province region that accounts for 29 percent of the U.S. gross domestic product (GDP), 60 percent of Canada's GDP, 55 percent of North America's manufacturing and services industries, and is home to one-quarter of the continent's population. In fact, a 2001 economic impact study found that maritime commerce on the Great Lakes Seaway System impacts 150,000 U.S. jobs, \$12 million per day in wages, \$9 million per day in business revenues, and provides approximately \$3.6 billion in annual transportation cost savings compared to the next least expensive mode of transportation.

FISCAL YEAR (FY) 2011 BUDGET ESTIMATE

For Fiscal Year (FY) 2011, the Saint Lawrence Seaway Development Corporation (SLSDC) is requesting an appropriation from the Harbor Maintenance Trust Fund (HMTF) of \$32.3 million to fund the daily operations and maintenance of the U.S. portion of the St. Lawrence Seaway as well as 20 Year Three projects of the Seaway's on-going Asset Renewal Program (ARP).

The SLSDC's program budget for FY 2011 also includes the use of \$900,000 in agency estimated non-federal revenues for a total spending plan of \$33.2 million. The spending plan includes approximately \$17.5 million for agency operations and \$15.7 million for ARP projects.

FY 2011 BUDGET REQUEST BY APPROPRIATION ACCOUNT**Saint Lawrence Seaway Development Corporation****Appropriations***(In thousands of dollars)*

ACCOUNT NAME	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
<u>Appropriations Request</u>			
Operations and Maintenance - HMTF (69-8003)	\$31,842	\$32,324	\$32,324
<u>Non Federal Revenues/Reserve Drawdown</u>	\$1,900	\$900	\$900
Total SLSDC Funding:	\$33,742	\$33,224	\$33,224
<u>Total Program Budget</u>			
SLSDC Fund (69x4089) ¹			
Agency Operations	\$16,207	\$16,907	\$17,524
Asset Renewal Program	\$17,535	\$16,317	\$15,700
Totals:	\$33,742	\$33,224	\$33,224

¹ The SLSDC Fund (69x4089) for FY 2011 is proposed to include \$32,324,000 in an appropriation from the Harbor Maintenance Trust Fund (69-8003) and \$900,000 in estimated SLSDC non-federal revenues. Each year, the SLSDC, as a government corporation, generates non-federal income from such sources as interest on investments, rental payments, pleasure craft tolls, tug services, and duty free store revenues.

Under this funding scenario, the SLSDC will be able to perform its core mission of serving the U.S. intermodal and international transportation system and providing a safe, reliable, efficient, and environmentally responsible deep-draft waterway, in cooperation with its Canadian counterpart, the St. Lawrence Seaway Management Corporation (SLSMC). Primary agency activities include lock operations and maintenance, vessel traffic control, vessel safety and environmental inspections, trade development, and capital infrastructure replacements and improvements.

The \$15.7 million request to complete 20 ARP projects, 15 of which are multi-year projects that were funded in FY 2009 and/or requested in FY 2010, will address various needs for the two U.S. Seaway locks, the Seaway International Bridge connecting Ontario and New York, operational systems and networks, and Corporation facilities and equipment. Major ARP projects scheduled for funding in FY 2011 include hydraulic upgrades at the Seaway locks (\$4.5 million), rehabilitation of the downstream miter gate at Eisenhower Lock (\$4.3 million), and the completion of a three-year structural rehabilitation project at the Seaway International Bridge (\$3.5 million) (*see appendix for complete list of FY 2011 proposed ARP project costs and descriptions*).

SLSDC programs and activities, including the ARP, are principally focused on meeting the Department's Global Connectivity performance measure of meeting the 99 percent or better goal for U.S. Seaway sector availability. The SLSDC is directly responsible for ensuring the safe, efficient, and secure passage of commercial vessels through the binational St. Lawrence Seaway and it has consistently maintained a 99 percent availability rate throughout the waterway's history, beginning in 1959. In addition, the SLSDC's FY 2011 budget request also supports the Departmental strategic goals of Security, Preparedness and Response, and Organizational Excellence.

In FY 2011, the SLSDC will also continue to strengthen existing trading partner relations and develop new markets through its trade development initiatives, in an effort to increase Seaway commerce. The Seaway is positioned for significant growth in new business as the waterway has become a viable alternative for shippers looking to avoid highway and railway congestion. In 2009, 1.6 million metric tons of new cargo transited the system, including windmill parts and biofuels, due to binational efforts to market the waterway and reduce user costs. In FY 2011, the SLSDC will continue to identify niche commodities and new markets to further increase Seaway trade. The St. Lawrence Seaway is expected to become an even more important commercial transportation route over the next decade as the U.S. and Canadian governments seek to ease other modal congestion, especially along North America's East Coast and Midwest region.

The SLSDC, Canadian SLSMC, and other U.S. and Canadian federal partners, continue to make notable progress in ballast water management and efforts to prevent any new introductions of aquatic invasive species (AIS) via commercial vessels entering Seaway waters. In 2008, the SLSDC implemented regulations requiring all ships with no ballast in their tanks to conduct saltwater flushing of their empty ballast water tanks before arriving in the Seaway.

In addition, the SLSDC, along with the other U.S. and Canadian partners, have enforced ballast water inspections of all vessels to ensure the regulations are carried out. In 2009, 100 percent of cargo vessels bound for Great Lakes Seaway System ports received a ballast water or ballast tank exam. Ships that failed to properly manage their ballast tanks were required to either retain the ballast water and residuals on board, treat the ballast water in an environmentally sound and approved manner, or return to sea to conduct a ballast water exchange. Vessels given letters of retention were boarded and checked on their outbound transit at the SLSDC's U.S. Eisenhower Lock in Massena, N.Y. for compliance. As of January 2010, the Great Lakes Aquatic Nonindigenous Species Information System (GLANSIS), maintained by the National Oceanic and Atmospheric Administration (NOAA), documents that the last time a new non-native species was determined to have been established in the Great Lakes was 2006.

SEAWAY ASSET RENEWAL PROGRAM

Background

Starting in 2009, the SLSDC initiated its multi-year U.S. Seaway Asset Renewal Program (ARP) for its navigation infrastructure and facilities. The ARP projects and equipment included in the ARP Capital Investment Plan (CIP) address various needs for the two U.S. Seaway locks, the Seaway International Bridge, maintenance dredging, operational systems, and Corporation facilities and equipment. None of these investments will result in increases to the authorized depth or width of the navigation channel or to the size of the two existing U.S. locks.

Original ARP baseline project estimates were developed by the SLSDC using four criteria, as applicable: (1) historical costs for similar work completed previously by the SLSDC, (2) consultation with the U.S. Army Corps of Engineers for similar work it completed at other U.S. locks, (3) consultation with the Canadian St. Lawrence Seaway Management Corporation (SLSMC) for similar work it completed at the Canadian Seaway locks, and (4) utilization of data from RSMeans, which serves as North America's leading supplier of construction cost information. In several cases, estimates for FYs 2011-2015 have been revised for the latest five-year plan based on either actual bids for similar ARP work and/or more complete designs.

Although the majority of ARP work will be completed by contractors, the SLSDC will utilize its own workforce for several of the maintenance-related projects as well as for completing much of the pre-contract work, including preparation of designs, specifications, and drawings.

As part of its policy priority of "System Reliability and Availability", the SLSDC developed its ARP to address the long-term asset renewal needs of the U.S. Seaway infrastructure. A perpetual infrastructure asset, such as a lock, needs a capital investment equivalent to its original cost over its design life, which is typically 50 years, in order to sustain itself. The U.S. portion of the St. Lawrence Seaway was built in the late 1950s at an original cost of \$130 million. Prior to the start of the ARP in FY 2009, only \$47 million in capital expenditures had been invested in the U.S. Seaway locks since they opened in 1959.

Without sufficient investment in the SLSDC's perpetual assets, the future availability and reliability of the U.S. section of the St. Lawrence Seaway would be in jeopardy. The Seaway has enjoyed a 99 percent reliability rate over its history, but similar results in the future are uncertain with an aging infrastructure quickly approaching the end of its original design life. Adequate capital reinvestment in the Seaway infrastructure is critical to maintaining its exceptional reliability record.

Unlike many of the other lock-based waterway systems in the world, which have twinned locks to ensure continued operations in the event of a lock failure, the St. Lawrence Seaway is a single-lock system. A delay or shutdown at any one of the 15 U.S. or Canadian Seaway locks would cause system-wide delays. In 1985, a lock failure at the Canadian Welland Canal caused 53 commercial vessels to be trapped in the Seaway System for 24 days at a cost to the shippers of more than \$24 million.

The Seaway ARP supports the engineering considerations highlighted in the November 2007 binational *Great Lakes St. Lawrence Seaway Study*. The study evaluated the infrastructure needs of the U.S. and Canadian Great Lakes Seaway System and assessed the economic, environmental, and engineering implications of those needs pertaining to commercial navigation. During its work on the study, the SLSDC measured its infrastructure assets using a Corps-based lock criticality index to better identify and prioritize maintenance and replacement needs. The results of the initial index were used to develop the ARP.

Over the past decade, the Canadian government has started to address the asset renewal needs of its 13 Seaway locks, eight of which are more than 75 years old (located at the Welland Canal). Many of the lock-related ARP improvements will parallel activities underway at the Canadian Seaway locks.

Seaway ARP Internal Working Group

In 2008, the SLSDC created the Seaway ARP Internal Working Group, made up of senior managers in engineering, procurement, financial management, budget, counsel, and policy, to ensure that the multi-year program is executed properly and efficiently and to identify any possible concerns early in the process. The group convenes every two weeks to review the status of on-going projects and to collectively discuss ways to improve the overall management, execution, and reporting of the program.

Indefinite Delivery Contracts

The SLSDC's Procurement Division, in working with the agency's engineering team, recognized the need to be able to award ARP-related support contracts quickly without the time constraints of traditional federal contracts.

To that end, the SLSDC awarded indefinite delivery contracts in FY 2009 to three architectural/engineering (A/E) firms to support the ARP on project plans, specifications, and drawings. As support work is needed, the SLSDC will request proposals from the three firms in a streamlined process, with negotiations, if required, limited to only those firms. The policies and procedures for awarding indefinite delivery contracts are contained in Federal Acquisition Regulation (FAR), Subpart 16.5.

GAO Review

In July 2009, the SLSDC was notified by the Government Accountability Office (GAO) that its Physical Infrastructure Branch would be conducting a review of the ARP. The review is in response to a congressional mandate contained in P.L. 111-8, Omnibus Appropriations Act, 2009.

The review focuses on three areas: (1) how the SLSDC developed and estimated costs of projects in its ARP; (2) to what extent the ARP covers all current or expected recapitalization needs; and (3) how effectively the SLSDC coordinated with its Canadian counterpart in developing a comprehensive and coordinated asset renewal program for all Seaway facilities.

Since the start of the review, the SLSDC has responded to numerous requests for information; participated in meetings, conference calls, and interviews; and hosted a GAO team at its operational facilities in Massena, N.Y., for a site visit and file review. A final report is expected to be issued in the spring of 2010.

FY 2009 (ARP Year 1)

In FY 2009, the SLSDC obligated \$17.6 million for 21 Year One ARP projects. These projects included: maintenance dredging in the U.S. portion of the navigation channel (\$4.3 million); lock culvert valve machinery upgrade to hydraulic operation (\$4.1 million); structural rehabilitation and corrosion prevention work on the Seaway International Bridge (\$3.1 million); and upstream miter gate rehabilitation at Eisenhower Lock (\$2.2 million), as well as various other structural and equipment repairs and/or replacement.

FY 2010 (ARP Year 2)

The FY 2010 enacted level of \$16.3 million for the SLSDC's ARP will allow the Corporation to fund 20 capital and maintenance infrastructure projects including in Year Two of the plan. Major ARP projects expected to be funded in FY 2010 include the continued structural rehabilitation and corrosion prevention of the Seaway International Bridge (\$5.8 million), major concrete rehabilitation at Eisenhower Lock (\$2 million), rehabilitation of the upstream miter gate at Snell Lock (\$2.5 million), paving and drainage improvements at Corporation facilities (\$1.5 million), and improvements to the compressed air systems at both locks to control ice in and around the locks during the opening and closing of the navigation seasons (\$1.5 million).

The SLSDC expects to obligate the \$16.3 million enacted for ARP projects in FY 2010 prior to September 30, 2010. Major ARP lock projects obligated in FY 2010, including culvert valve and miter gate upgrades, will be completed following the 2011 and/or 2012 navigation seasons due to long lead times for ordering parts and equipment.

FY 2011-15 (ARP Years 3-7)

The SLSDC's FY 2011 budget request included the *U.S. St. Lawrence Seaway Asset Renewal Program Capital Investment Plan (CIP) – FYs 2011-2015*. The ARP/CIP highlighted 41 projects and equipment estimated at \$97.2 million for the five-year period with total funding for each year of the plan constrained to funding targets for those years as estimated and approved by the Office of Management and Budget (OMB) (*see appendix for five-year schedule, cost estimates, and project descriptions*). It is important to note that dollar amounts for ARP projects are "project feasibility" estimates and can vary by an industry-recognized 20-30 percent. Currently, the overall ARP remains on schedule to be completed within the original 10-year schedule. However, project estimates and schedules may fluctuate at various points in the lifespan of the ARP and will be revised as needed.

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APPENDIX

U.S. Seaway Asset Renewal Program Capital Investment Plan FY 2011-2015										
Project No.	Project Title	Type of Project (1)	Mission Objective (2)	Time Work Completed (3)	FY 2011 Request	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	Five Year Total
1	Small Lock - Replace Floating Dredging Gravel Wall Extension	CP	L		\$10,000					\$10,000
2	Both Locks - Rehabilitate Downstream Main Gates	MP	L	Water	\$4,250,000	\$4,380,000				\$8,630,000
4	Both Locks - Culvert Valve Machinery - Upgrade to Hydraulic Operation	CP	L	Water	\$4,500,000					\$4,500,000
5	Both Locks - Rehabilitate and Insulate Winter Maintenance Lock Covers	CP	L	Other		\$250,000				\$250,000
6	Seaway International Bridge - Perform Structural Rehabilitation and Corrosion Prevention	MP	T/B	Other	\$3,485,000					\$3,485,000
7	Both Locks - Culvert Valves - Replace with Single Stem Valves	CP	L	Other	\$300,000	\$300,000	\$300,000			\$900,000
8	Floating Navigational Aids - Replace	CP	W	Other	\$51,000	\$51,000	\$51,000	\$62,000	\$62,000	\$307,000
9	Corporation Equipment - Replace Heavy and Light Equipment, Spare Parts and Stock Equipment	CE	L, W	Other	\$100,000	\$550,000	\$755,000	\$250,000	\$250,000	\$1,123,000
10	Both Locks - Upgrade Both Locks and Locks from Modern Sources Can to Both Locks and Adjacent Facilities	MP	L	Other	\$50,000	\$20,000	\$20,000	\$21,000	\$21,000	\$132,000
11	Fixed Navigational Aids - Rehabilitate	MP	W	Other	\$100,000	\$200,000	\$200,000	\$200,000	\$200,000	\$800,000
12	Corporation Equipment - Upgrade/Replace Floating Pilot	CP	L, W	Other	\$550,000	\$1,520,000	\$1,520,000	\$18,455,000		\$20,495,000
13	Corporation Facilities - Replace Ponds	CP	F	Other	\$120,000	\$230,000	\$230,000	\$500,000	\$500,000	\$1,480,000
14	Corporation Facilities - Replace Paving and Drainage Infrastructure	CP	L, F	Other	\$750,000		\$1,550,000	\$1,546,000	\$1,546,000	\$3,892,000
15	Exposition Lock - Highway Tunnel - Rehabilitate	MP	T/B	Other	\$450,000		\$255,000	\$258,000	\$258,000	\$1,163,000
16	Corporation Technologies - Upgrade GPS/AIS/TMS	CP	W	Other	\$50,000		\$102,000		\$103,000	\$255,000
17	Navigation Channels - Design U.S. Section to Marine Design	MP	W	Other					\$5,162,000	\$5,162,000
19	Corporation Facilities - Upgrade Electrical Distribution Equipment	CP	L, F	Other	\$160,000	\$500,000				\$660,000
20	Both Locks - Upgrade Lock Status Controls	CP	L	Other	\$75,000					\$75,000
22	Both Locks - Install Vessel Self Spilling Equipment	CP	L	Other				\$298,000	\$297,000	\$595,000
24	Both Locks - Structural Repair - Grid Leaks in Galleries and Recesses	MP	L	Other		\$335,000				\$335,000
26	Corporation Facilities - Upgrade Storage for Lock Spare Parts	CP	L, F	Other		\$203,000		\$205,000		\$408,000
27	Corporation Facilities - Replace Windows and Doors and Repair Building Frames	MP	F	Other		\$203,000		\$205,000		\$408,000
28	Small Lock - Wall, Sills and Culverts - Rehabilitate Concrete	MP	L	Water			\$2,040,000			\$2,040,000
29	Downstream Lock - Wall, Sills and Culverts - Rehabilitate Concrete	MP	L	Water		\$2,030,000			\$2,081,000	\$4,081,000
32	Ship Harbor - Rehabilitate Stern Gate Storage and Assembly Area	MP	L	Other	\$253,000	\$254,000	\$255,000			\$1,062,000
33	Both Locks - Upgrade Drainage Infrastructure in Galleries and Recesses	CP	L	Other		\$152,000	\$153,000	\$154,000	\$155,000	\$614,000

APPENDIX

U.S. Seaway Asset Renewal Program Capital Investment Plan FY 2011-2015										
Project No.	Project Title	Type of Project (1)	Mission Objective (2)	Time Work Completed (3)	FY 2011 Request	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	Five Year Total
34	Both Locks - Improve Ice Control	CP	L	Winter	\$100,000	\$230,000	\$230,000	\$230,000	\$230,000	\$1,020,000
35	Vessel Mooring Cais - Rehabilitate and Extend	CP	W	Other	\$100,000		\$1,020,000	\$1,020,000		\$2,140,000
36	Eisenhower Lock - Diffusers - Replace	MP	L	Winter		\$3,045,000				\$3,045,000
37	Eisenhower Lock - Constrict Drydock for Vessel Maintenance	CP	L, W	Winter					\$500,000	\$500,000
38	Both Locks - Upgrade/Replace Emergency Generators	CP	L	Winter		\$238,000	\$510,000			\$1,278,000
39	Both Locks - Downdrafting Pumps - Upgrade Outboard Equipment	CP	L	Other		\$203,000	\$204,000			\$407,000
40	Both Locks - Extend Gutters in Pool	CP	L	Other			\$1,520,000		\$1,540,000	\$3,075,000
41	Small Lock - Install Ice Flushing System Technologies	CP	L	Winter		\$5,025,000	\$5,103,000			\$10,178,000
42	Both Locks - Miller Gates - Structural Rehabilitation	MP	L	Winter		\$751,000	\$795,000	\$513,000	\$515,000	\$2,564,000
43	Both Locks - Miller Gate Machinery - Upgrade/Replace	CP	L	Winter			\$1,832,000		\$1,849,000	\$3,281,000
44	Both Locks - Ship Arrestor Machinery - Upgrade/Replace	CP	L	Winter				\$410,000	\$415,000	\$825,000
45	Flow Control Dikes - Rehabilitate	MP	W	Other					\$215,000	\$215,000
46	Both Locks - Guideway Extensions - Rehabilitate	MP	L	Other					\$215,000	\$215,000
51	Companion Facility - Upgrade Physical Security to Meet ASPO 12 Requirements	CP	F	Other	\$100,000	\$50,000				\$100,000
52	Eisenhower Lock Visitors' Center - Replace	CP	F	Other			\$5,000,000			\$5,000,000
Total					\$15,700,000	\$20,860,000	\$21,525,000	\$22,830,000	\$18,900,000	\$97,200,000
(1) CP=Capital Project; CE=Capital Equipment; MP=Non-Capital Maintenance Project (2) L=Lock Operation Upgrade and Maintenance, W=Waterway Management, T=Gate/Tunnel and Bridge Maintenance, F=Facility/Equipment Upgrade and Maintenance (3) Winter=During Non-Navigation Season; Other=Other Than Non-Navigation Season Notes: (a) Estimates as of January 2010; (b) Dollar amounts for ARP projects are "project feasibility" estimates and can vary have an industry-recognized contingency of 20-30 percent; (c) FY 2003 Actuals include No. 99 in project totals. Amount shown is a "non-add" total.										

APPENDIX

U.S. SEAWAY ASSET RENEWAL PROGRAM
PROJECT DESCRIPTIONS
FYs 2011-2015

The SLSDC's ARP includes capitalized projects and equipment as well as non-capitalized, maintenance-related projects.

Capital projects and equipment are defined as those of a durable nature that may be expected to have a period of service of more than a year without material impairment of its physical conditioning and includes equipment, improvements and modifications to existing structures.

Non-capital/maintenance projects include those that do not materially add to the value of the property nor appreciably prolong the life of the infrastructure but merely keeps it in an ordinarily efficient operating condition. Expenditures for these maintenance projects are recognized as operating costs.

(Note: ARP projects listed below are those scheduled for funding in FYs 2011-15. Projects not included in this listing were either funded in FY 2009 or FY 2010 or are scheduled to be funded in FY 2016 and/or beyond).

Project No. 1: Snell Lock – Replace Fendering Downstream Guidewall Extension (Capital Project) (FY 2011 – \$10,000) – Funding in FY 2011 will provide for the installation of the fendering purchased with ARP funds in FY 2009. *(Project funds obligated in FY 2009)*

Project No. 2: Both Locks – Rehabilitate Downstream Miter Gates (Non-Capital Maintenance Project) (FYs 2011 and 2012 – \$8,630,000) – This project is to completely rehabilitate the miter gate at the downstream end of both Eisenhower and Snell Locks. It includes replacing worn and/or damaged components including the miter and quoin contact blocks, pintles, and diagonals to insure proper functioning of the miter gates. The FY 2011 estimate exceeds original baseline estimates due to actual costs associated with rehabilitating the upstream miter gates in FYs 2009 and 2010.

Project No. 4: Both Locks – Culvert Valve Machinery – Upgrade to Hydraulic Operation (Capital Project) (FY 2011 – \$4,500,000) – This project is for replacing the operating machinery for the Eisenhower and Snell Lock culvert valves, which are utilized for filling and emptying the locks. This machinery is more than 50 years old and the open gearing is exhibiting macropitting. This equipment needs to be upgraded to insure its continued reliability. Failure of this equipment will cause delays to shipping while repairs are made. Due to the fact that this machinery was custom made and spare parts are limited, repairs to multiple pieces of machinery using the spare parts that are on-hand would not be possible. The upgrade will include new hydraulic operating machinery to match the upgrades made at the Canadian Seaway locks and other similar locks in the United States. The FY 2011 estimate exceeds original baseline estimates due to actual costs for the project in FY 2009. *(Project funds obligated in FY 2009)*

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Project No. 5: Both Locks – Rehabilitate and Insulate Winter Maintenance Lock Covers (Capital Project) (FY 2012 – \$258,000) – This project is for rehabilitating and insulating the roof cover modules utilized to cover Eisenhower and Snell Locks when major winter maintenance projects are planned. These covers are over 40 years old and insulating them would save on funds used to heat work areas when required for such temperature sensitive projects as placing concrete and painting steel structures. *(Project funds obligated in FY 2009)*

Project No. 6: Seaway International Bridge – Perform Structural Rehabilitation and Corrosion Prevention (Non-Capital Maintenance Project) (FY 2011 – \$3,446,000) – This project is for rehabilitation of the structural components of the south span of the bridge between Rooseveltown, N.Y., and Cornwall Island, which crosses the Seaway navigation channel. The bridge, which annually accommodates more than 2.5 million vehicles, was opened to traffic in 1962 and is in need for significant rehabilitation. This project is designed to stop the corrosion currently experienced on many portions of the bridge structure and prevent the need for large-scale structural or even bridge replacement in the future. The SLSDC owns 68 percent of the south span of the bridge and the budget request reflects the U.S. prorated amount for the project. The Canadian Federal Bridge Corporation owns the remaining 32 percent of the south span. *(Project funds obligated in FY 2009 and enacted for FY 2010)*

Project No. 7: Both Locks – Culvert Valves – Replace with Single Skin Valves (Capital Project) (FYs 2011, 2012, and 2013 – \$911,000) – This project is for replacing the double skin culvert valves utilized for filling and emptying the locks with single skin valves. Cracking of major structural members has occurred and with the double skin construction, the structural members are not accessible for inspection, blast cleaning and painting. The culvert valves are more than 50 years old and are corroding from the inside. The new single skin valves will provide access to the structural members for inspection and maintenance. The failure of a culvert valve would cause a delay to shipping while the damaged valve was removed and replaced. Dependant on the type of failure, other lock operating components/equipment could be damaged causing the lock to be out of service for a longer time. *(Project funds obligated in FY 2010)*

Project No. 8: Floating Navigational Aids – Upgrade/Replace (Capital Project) (FYs 2011, 2012, 2013, 2014, and 2015 – \$307,000) – This is an ongoing program to replace floating navigational aids/buoys and winter markers that have been damaged over the years, on an as required basis. The Corporation is responsible for approximately 100 buoys and 50 winter markers. *(Project funds obligated in FY 2009 and enacted for FY 2010)*

Project No. 9: Corporation Equipment – Replace Heavy and Light Equipment, Maintenance Vehicles and Shop Equipment (Capital Equipment) (FYs 2011, 2012, 2013, 2014, and 2015 – \$1,123,000) – This is an ongoing program to replace heavy and light equipment, vehicles and shop equipment as it becomes worn out and unserviceable. Heavy and light equipment includes such items as a crane, dump truck, snow plow, backhoe, grader, front end loader and shop equipment such as a lathe, milling machine and drill press. Equipment and vehicles are inspected regularly and their replacement is prioritized based on the results of those inspections. *(Project funds obligated in FY 2009 and enacted for FY 2010)*

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Project No. 10: Both Locks – Upgrade Power Supply Infrastructure from Moses-Saunders Dam to Both Locks and Adjacent Facilities (Non-Capital Maintenance Project) (FYs 2011, 2012, 2013, 2014, and 2015 – \$132,000) – This project is for upgrading the infrastructure that supplies power to Eisenhower and Snell Locks and to the Corporation's Maintenance Facility. The power is furnished directly from the Moses-Saunders Power Dam over infrastructure that is nearly 50 years old. The loss of power from the Moses-Saunders Power Dam makes it necessary to utilize diesel generators, which are expensive to operate, to continue operation of Eisenhower and Snell Locks and the Maintenance Facility. *(Project funds obligated in FY 2009 and enacted for FY 2010)*

Project No. 11: Fixed Navigational Aids – Rehabilitate (Non-Capital Maintenance Project) (FYs 2011, 2012, 2013, 2014, and 2015 – \$918,000) – This project is for rehabilitating fixed navigational aids in the Seaway. Many of the structures are more than 50 years old and are in need of more than routine repairs. Many of these structures have concrete bases which are partially underwater and have experienced varying degrees of damage from water, ice, and freeze-thaw cycles. The inspection of these structures has been done by divers and any repairs to the foundations will require divers and the use of a tug and barge with crane to complete. Failure of a fixed aid would likely make it necessary to replace it which would cost significantly more than repairing the existing structure. *(Project funds enacted for FY 2010)*

Project No. 12: Corporation Equipment – Upgrade/Replace Floating Plant (Capital Project) (FYs 2011, 2012, and 2014 – \$20,484,000) – This is an ongoing program to rehabilitate and/or replace the Corporation's floating plant which is utilized for maintaining the locks and navigation channels. This multiyear project also includes replacing the tug; upgrading the buoy tender barge; purchasing a smaller tug which would be more efficient for many operations where the capabilities of the larger tug are not required, a small boat for emergency response and a small scow for transporting dredged spoil from emergency/spot dredging; and for rehabilitating the crane barge/gatelifter which would have to be utilized if a miter gate was damaged and had to be replaced. *(Project funds obligated in FY 2009 and enacted for FY 2010)*

Project No. 13: Corporation Facilities – Replace Roofs (Capital Project) (FYs 2011, 2012, 2013, 2014, and 2015 – \$1,660,000) – This project is for replacing the roofs on the Corporation's various buildings and facilities in Massena, N.Y., as required. Most of the roofs are currently insulated ethylene propylene diene monomer (EPDM) roofs with a service life of 10-15 years and have reached the end of that time frame. *(Project funds obligated in FY 2009)*

Project No. 14: Corporation Facilities – Replace Paving and Drainage Infrastructure (Capital Project) (FYs 2011, 2013, and 2015 – \$3,826,000) – This project is for improving the pavement and drainage along lock approach walls, Corporation roadways and public parking and work areas at all Corporation facilities. In Upstate New York, the damage to pavements caused by winter conditions is significant and if repairs are not made before the damage is too severe, complete replacement of the pavement down to and often including the base materials is required at a much higher cost. *(Project funds obligated in FY 2009 and enacted for FY 2010)*

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Project No. 15: Eisenhower Lock Highway Tunnel – Rehabilitate (Non-Capital Maintenance Project) (FYs 2011, 2013, and 2015 – \$1,163,000) – This is an ongoing project to maintain the highway tunnel which goes through the upper sill area of Eisenhower Lock to provide the only access to the north sides of both Eisenhower and Snell Locks, to the New York Power Authority's Robert Moses Power Project and to the New York State Park on Barnhart Island. This project includes grouting to limit the water leaking into the tunnel, upgrading the tunnel lighting, replacing damaged/missing tiles from the walls and ceiling, replacing deteriorated/ damaged gratings and railings, stabilizing/repairing wingwalls at the tunnel approaches and clearing tunnel drains which are becoming plugged with concrete leachate products. Due to the fact that this tunnel is the only means of access to the facilities noted above, any problems that would make it necessary to close the tunnel for repair would have very significant impacts. *(Project funds obligated in FY 2009)*

Project No. 16: Seaway System – Upgrade GPS/AIS/TMS Technologies (Capital Project) (FYs 2011, 2013, and 2015 – \$255,000) – This project is to expand the use of the Seaway's Global Positioning System (GPS)/ Automatic Identification System (AIS) navigation technologies, which are incorporated into the Seaway's binational Traffic Management System (TMS). Future upgrades will further improve the safety for vessels transiting the Seaway. Plans are to use these technologies to enable vessels to better identify hazards at times of limited visibility. *(Project funds obligated in FY 2009)*

Project No. 17: Navigation Channels – Dredge U.S. Sectors to Maintain Design Grade and Dispose of Sediments (Non-Capital Maintenance Project) (FY 2015 – \$5,152,000) – This project is for dredging of the navigation channel to remove sediments to maintain the design grade for the channel bottom. In FY 2009, the SLSDC awarded an ARP contract to complete maintenance dredging for both the intermediate pool (between Eisenhower and Snell Locks) and the international tangent section to the east of Snell Lock. The contractor began dredging the intermediate pool in early October 2009 and expected to complete the project between September 1 and December 31, 2010. For FY 2015, the Corporation will focus on various upriver sections of the St. Lawrence River under U.S. jurisdiction that require maintenance dredging. *(Project funds obligated in FY 2009)*

Project No. 19: Corporation Facilities – Upgrade Electrical Distribution Equipment (Capital Project) (FYs 2011 and 2012 – \$650,000) – This project is for upgrading electrical distribution equipment at both Eisenhower and Snell Locks and at the Maintenance Facility to insure continued reliability. The majority of this equipment is more than 50 years old. *(Project funds enacted for FY 2010)*

Project No. 20: Both Locks – Upgrade Lock Status/Controls (Capital Project) (FY 2011 – \$75,000) – This project is for upgrading the lock/equipment status systems and the lock operating controls at both Eisenhower and Snell Locks. At present only the most critical components are monitored and controlled by the new computerized system. Adding control of some of the less critical components and more in depth monitoring of the status of all components will improve the effectiveness of preventive maintenance activities and result in increased reliability. *(Project funds obligated in FY 2009 and enacted for FY 2010)*

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Project No. 22: Both Locks – Install Vessel Self Spotting Equipment (Capital Project) (FYs 2014 and 2015 – \$579,000) – This project is for installing equipment at both Eisenhower and Snell Locks such that transiting vessels can spot/locate themselves in the lock. This new technology, once fully implemented, will reduce labor costs for locking vessels. The Canadian Seaway agency has been testing this new technology at their locks.

Project No. 24: Both Locks – Structural Repair – Grout Leaks in Galleries and Recesses (Non-Capital Maintenance Project) (FY 2012 – \$203,000) – This project is for grouting cracks/joints in the concrete in the galleries and recesses at both Eisenhower and Snell Locks to reduce the infiltration of water into these areas. Water leaking into these areas accelerates the corrosion of the components/ machinery and makes it difficult to perform maintenance on these items. *(Project funds obligated in FY 2009 and enacted for FY 2010)*

Project No. 26: Corporation Facilities – Upgrade Storage for Lock Spare Parts (Capital Project) (FYs 2012 and 2014 – \$408,000) – This project is for constructing shelters for storage of lock spare parts to prevent them from corroding prior to their use. Many of these items are not stored under cover and/or are stored in old storage sheds that are in need of repair or replacement. *(Project funds enacted for FY 2010)*

Project No. 27: Corporation Facilities – Replace Windows and Doors and Repair Building Facades (Non-Capital Maintenance Project) (FYs 2012 and 2014 – \$408,000) – This project is for replacing corroded/worn windows and doors with more energy efficient units and for repairing the brick and stone facades which are in need of repair. *(Project funds enacted for FY 2010)*

Project No. 28: Snell Lock – Walls, Sills and Culverts – Rehabilitate Concrete (Non-Capital Maintenance Project) (FY 2013 – \$2,040,000) – This project is to replace deteriorated/damaged concrete at Snell Lock in all areas except the diffusers. This includes concrete that has been damaged by freeze-thaw cycles and by vessel impacts. It is resurfacing the mass concrete that forms the locks walls, filling and emptying culverts and the gate sills by replacing deteriorated/damaged concrete.

Project No. 29: Eisenhower Lock – Walls, Sills and Culverts – Rehabilitate Concrete (Non-Capital Maintenance Project) (FYs 2012 and 2015 – \$4,091,000) – This project is to replace deteriorated/damaged concrete at Eisenhower Lock in all areas except the diffusers. This includes concrete that was of poor quality when placed during original construction and concrete that has been damaged by freeze-thaw cycles and by vessel impacts. It is resurfacing the mass concrete that forms the locks walls, filling and emptying culverts and the gate sills by replacing concrete to depths ranging between approximately 8 inches and 24 inches. *(Project funds enacted for FY 2010)*

Project No. 32: Snug Harbor – Rehabilitate Spare Gate Storage and Assembly Area (Non-Capital Maintenance Project) (FYs 2011, 2012, and 2013 – \$762,000) – This project is for rehabilitating the spare miter gate storage and assembly area at Snug Harbor. The work will include repair of the spare gate assembly pads and their supporting piles and blast cleaning and painting of the spare miter gates and gate assembly towers.

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Project No. 33: Both Locks – Upgrade Drainage Infrastructure in Galleries and Recesses (Capital Project) (FYs 2012, 2013, 2014, and 2015 – \$614,000) – This project is to open existing drains or to drill new ones in the galleries and machinery recesses at both Eisenhower and Snell Locks. The drains are being filled up with concrete leachate products which slow and/or stop the drains causing flooding of the galleries and machinery recesses.

Project No. 34: Both Locks – Improve Ice Control (Capital Project) (FYs 2011, 2012, 2013, 2014, and 2015 – \$1,021,000) – This project is to improve the methods/equipment utilized to control ice in and around Eisenhower and Snell Locks during the opening and closing of each navigation season. Currently air curtains and bubblers are utilized to minimize the ice entering a lock chamber and to move it away from the miter gates and backhoes are used for removing ice from the lock walls, which reduces the width available for transiting vessels. Improvements to existing systems/equipment as well as utilizing new technologies would make operations during times when there is ice in the water more efficient and would minimize damages to the lock components and transiting vessels.

Project No. 35: Vessel Mooring Cells – Rehabilitate and Extend (Capital Project) (FYs 2011, 2013, and 2014 – \$2,145,000) – This project is for rehabilitating and extending the vessel mooring cells upstream of Eisenhower Lock and in the Intermediate Pool between the locks. These mooring cells are available for vessels with problems to tie to until the problems can be corrected and/or for vessels to tie to for inspections. The existing cells are more than 50 years old, are in a state of disrepair and are too short for current Seaway length vessels.

Project No. 36: Eisenhower Lock – Diffusers – Replace (Non-Capital Maintenance Project) (FY 2012 – \$3,045,000) – This project is to replace deteriorated/damaged concrete in the diffusers at Eisenhower Lock. This includes concrete that was of poor quality when placed during original construction and concrete that was damaged by freeze-thaw cycles. The diffusers are the outlet structures used to dampen the flow of water when the lock is emptied and this project would be for removal and replacement of these structures.

Project No. 37: Eisenhower Lock – Construct Drydock for Vessel Maintenance (Capital Project) (FY 2015 – \$800,000) – This project is for constructing a drydock in Eisenhower Lock so that repairs to the Corporation's floating plant can be made on site. Because a lock is dewatered in the winter, it could serve as a drydock by installing a floor and some pedestals/ blocking in a section of the lock to accommodate the Corporation's vessels. This would save the cost of transporting vessels to a drydock typically located in the Great Lakes and the daily rate for having a vessel in that drydock.

Project No. 38: Both Locks – Upgrade/Replace Emergency Generators (Capital Project) (FYs 2012 and 2013 – \$1,018,000) – This project is for replacing the emergency generators at both Eisenhower and Snell Locks and for installing one of those removed from the locks at the Maintenance Facility. The generators at the locks are over 20 years old and will not carry the total load. It is sometimes necessary to eliminate some of the load to insure that the generators will run. Also, installing one of these units at the Maintenance Facility with an automatic transfer switch will insure that if the power goes out, water lines will not freeze and break and it will enable maintenance activities to continue.

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Project No. 39: Both Locks – Dewatering Pumps – Upgrade Outdated Equipment (Capital Project) (FYs 2012 and 2013 – \$407,000) – This project is for replacing the pumps used for dewatering both Eisenhower and Snell Locks for maintenance of their underwater components. These pumps are nearly 50 years old and parts for these units are no longer available.

Project No. 40: Both Locks – Extend Guidewalls in Pool (Capital Project) (FYs 2013 and 2015 – \$3,076,000) – This project is for extending the downstream guidewall at Eisenhower Lock and the upstream guidewall at Snell Lock. These approach walls were part of the original construction and are too short for mooring maximum Seaway length vessels.

Project No. 41: Snell Lock – Install Ice Flushing System Technologies (Capital Project) (FYs 2012 and 2013 – \$10,178,000) – This project is for installation of an ice flushing system at Snell Lock similar to the one at Eisenhower Lock. An ice flushing system is utilized to remove floating ice from the lock chamber to make room for transiting vessels and to prevent/minimize damage to the vessels and/or lock structures. Without an ice flushing system, it is necessary to flush ice utilizing the filling valves which is less efficient and effective and significantly increases the stresses on these valves and causes damage to them.

Project No. 42: Both Locks – Miter Gates – Structural Rehabilitation (Non-Capital Maintenance Project) (FYs 2012, 2013, 2014, and 2015 – \$2,554,000) – This project is to blast clean and treat the upstream and downstream miter gates at both Eisenhower and Snell Locks to prevent further corrosion of these structures. They were last treated over 20 years ago.

Project No. 43: Both Locks – Miter Gate Machinery – Upgrade/ Replace (Capital Project) (FYs 2013 and 2015 – \$3,281,000) – This project is for replacing the operating machinery for the miter gates at both Eisenhower and Snell Locks. This machinery is more than 50 years old and needs to be upgraded to insure its continued reliability. The upgrade will include new hydraulic operating equipment to match the upgrades made at the Canadian Seaway locks and the other locks in the United States.

Project No. 44: Both Locks – Ship Arrestor Machinery – Upgrade/Replace (Capital Project) (FYs 2014 and 2015 – \$825,000) – This project is for replacing the operating machinery for the ship arrestors at both Eisenhower and Snell Locks. The ship arrestors protect the miter gates from damage that would be caused if a vessel had a malfunction such that it was unable to stop and struck a miter gate. This operating machinery is more than 50 years old and needs to be upgraded to insure its continued reliability.

Project No. 45: Flow Control Dikes – Rehabilitate (Non-Capital Maintenance Project) (FY 2015 – \$515,000) – This project is for placing additional stone on the dikes downstream of Snell Lock to return them to their original cross-section. These dikes were constructed to deflect the outflow from the Moses-Saunders Power Dam, which enters the Seaway navigation channel downstream of Snell Lock, so that it doesn't cause problems for vessels transiting that area. Over time, stones from which these dikes were constructed are moved by the forces of the water and ice and work needs to be done to restore the dikes to their as-constructed condition.

APPENDIX

Project No. 46: Both Locks – Guidewall Extensions – Rehabilitate (Non-Capital Maintenance Project) (FY 2015 – \$515,000) – This project is to repair damage to the guidewall extensions located at the upstream end of Eisenhower Lock and at the downstream end of Snell Lock. These structures were constructed after original construction of the locks to lengthen the approach walls to assist vessels entering the locks. These structures are comprised of sheet pile cells, with bridge spans and are not as stable as the original guidewalls which are mass concrete structures. They have been damaged by vessel impacts over the years and require rehabilitation to maintain their serviceability.

Project No. 51: Corporation Facilities – Upgrade Physical Security to Meet HSPD-12 Requirements (Capital Project) (FY 2011 – \$200,000) – This project is for procuring the Personal Identity Verification (PIV) cards issued by the Department and for procuring and installing the necessary ID smart card readers and other required infrastructure to meet HSPD-12 requirements.

Project No. 52: Eisenhower Lock Visitors' Center – Replace (Capital Project) (FY 2013 – \$5,000,000) – The Eisenhower Lock Visitors' Center is approaching 50 years of age and is in need of replacement. Each year, the facility is visited by more than 50,000 people annually and is an important attraction for Upstate New York tourism. The Center provides historical displays on the St. Lawrence Seaway and President Eisenhower and includes observation decks for tourists to watch vessels transit the lock. Due to more critical maintenance needs, only a minimal amount of maintenance has been performed over the years by the SLSDC on the facility. A new Visitors' Center is needed to meet federal physical security and handicap accessibility standards. Due to the condition of the facility, replacement would be a more cost effective solution than remodeling.

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**Budget Testimony of
Tom Kilgore
President and Chief Executive Officer
Tennessee Valley Authority,
As submitted to the
U.S. House Committee on Transportation and Infrastructure
Subcommittee on Water Resources and Environment
March 4, 2010**

Chairwoman Johnson, Ranking Member Boozman, and members of the committee. Thank you for this opportunity to discuss the Fiscal Year 2011 budget and operations of the Tennessee Valley Authority (TVA). On behalf of TVA, I appreciate the oversight and support provided by this committee and members of Congress.

TVA's three-part mission, based on energy, economic development, and environmental stewardship, is carried out in partnership with the people and the local and state governments in the TVA service area. The ability of TVA to provide affordable, reliable electricity remains a basic building block for economic progress for the region.

About TVA

As a corporate agency and instrumentality of the United States government, TVA is the nation's largest public power supplier. TVA is financially self-supporting. In accordance with the directions of Congress, TVA pays its own way, using power proceeds to buy fuel, pay wages, service debt, maintain assets, and fund stewardship and economic development activities. The TVA power system has been self-financing since 1959, and TVA's stewardship programs have not received annual federal appropriations since 1999. Since 1961, TVA has been repaying the initial congressional appropriation investments in the power program and making annual payments on the outstanding balance at the U.S. Treasury's current cost of borrowing. At the end of the 2009 fiscal year, TVA had made payments totaling more than \$3.4 billion to the U.S. Treasury on the federal investment of \$1.4 billion.

In partnership with 156 local utilities, TVA provides reliable, affordable electricity to about nine million people and 650,000 businesses in Tennessee and adjoining portions of six surrounding states. The local utilities purchase power wholesale from TVA for retail sale to their residential, commercial and industrial customers. TVA also provides power directly to about 60 large industrial customers and federal installations, such as Oak Ridge National Laboratory.

TVA has stewardship responsibilities for the Tennessee Valley region's natural resources, including active management of over 293,000 acres of reservoir lands and the nation's fifth-largest river system. Under the TVA Act, hydroelectric dams operated by TVA, along with other power generation facilities, are designed and operated as part of a multipurpose system to help improve navigation, control flooding, meet national defense needs, and promote the development of the Tennessee Valley region. TVA's integrated river system and innovative watershed management are recognized as national and international models for government and community collaboration for improving and protecting water quality.

TVA is also a catalyst for economic development throughout its 80,000-square-mile service area, working in partnership with local governments and economic development agencies to increase capital investment and attract and retain better-paying jobs for the people of the Tennessee Valley. One nationally recognized initiative started by TVA as part of the technical assistance that it provides local governments is the Megasites Program. This program identifies Tennessee Valley sites suitable for large-scale manufacturing that are certified by a leading site selection consultant as ready for development. Since 2004, five Megasites have been utilized by major corporations including Dow Corning /Hemlock Semiconductor, VW, Paccar, Toyota, and SeverCorr.

Governance and Oversight

TVA is governed by the TVA Board. The TVA Board has nine part-time members, two of whom may reside outside the TVA service area. TVA Board members are appointed by the President of the United States with the advice and consent of the U.S. Senate. The TVA Board, among other things, establishes broad goals, objectives, and policies for TVA; establishes long-range plans to carry out these goals, objectives, and policies; approves annual budgets; establishes and oversees rates; and establishes a compensation plan for employees. The act also vested responsibility for daily operations in a management structure led by the Chief Executive Officer.

An independent auditor audits TVA's financial statements in accordance with standards of the Public Company Accounting Oversight Board (United States) and with *Government Auditing Standards* issued by the Comptroller General of the United States. The auditor also provides an opinion on whether those statements are presented in conformity with U.S. Generally Accepted Accounting Principles ("GAAP").

Historically, TVA has published an annual report that contains audited financial statements and an opinion letter from the independent auditors. TVA's annual report also includes comparative financial information. Beginning in December 2006, TVA filed its first Annual Report on Form 10-K with the SEC and now files all annual reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K with the SEC.

An independent Office of Inspector General ("OIG") conducts ongoing audits of TVA's operational and financial matters. TVA's Inspector General is appointed by the President of the United States. The OIG provides semiannual reports to Congress on the results of its audit and investigative work.

Integrated Resource Plan

In June 2009, TVA began preparing to update its Integrated Resource Plan to analyze alternatives for meeting the region's future electricity needs. Entitled "TVA's Environmental and Energy Future," the plan will offer a 20-year resource plan building on the previous resource plan that was issued in 1995. The new plan will offer a range of resources to address changes that have affected or will affect electricity utility planning. The updated planning evaluates alternatives using criteria such as capital and fuel costs, reliability, potential environmental impacts, compliance with existing and anticipated regulations, and other factors.

TVA is conducting public information sessions as part of the process, and has established a formal stakeholder review panel to provide specific and continuous guidance as the plan and accompanying environmental statement are developed. The IRP will provide a framework to guide TVA in meeting its goals for the future.

Further, as part of its stewardship role, TVA is going through a parallel public review process to prepare an integrated Natural Resource Plan. It is expected to be completed in early 2011.

Proposed Budget for Fiscal Year 2011

The TVA Board is responsible for approving an annual budget. The guiding financial principles for TVA business planning are: (1) pay debt obligations before the assets are fully depreciated; (2) support new power generation capacity by new debt; and (3) achieve overall top quartile industry ranking for our operating and maintenance costs.

The proposed budget for Fiscal Year (FY) 2011 will be submitted to the TVA Board for consideration in the summer of 2010, typically in August. The budget estimates are subject to the uncertainty of weather impacts, effects of the general economy on sales, fuel prices, and other changing conditions. The overall economic downturn is a primary factor affecting budget planning. As sales have declined due to less demand – largely by the industrial sector – expenses have been reduced. However, TVA must continue making investments in the power system to meet future demand with cleaner energy sources, and to upgrade the distribution/transmission infrastructure to maintain system reliability and incorporate smart grid technology.

The projected FY 2011 budget currently assumes revenue of \$12.278 billion, operating expenses of \$10.273 billion, and capital investments of \$2.7 billion. Almost half (\$4.9 billion) of the projected expenses are required to purchase coal, natural gas and other fuels for the generating plants, along with power purchases from other generators to meet demand when it is cost-effective or necessary to ensure reliability.

The FY 2011 projected budget assumes capital spending, primarily for the Watts Bar Unit 2 project (\$635 million) and other new generating capacity (\$916 million) including the Lagoon Creek and John Sevier gas-fired combined cycle projects. Total capital spending for FY 2011 is budgeted at \$2.7 billion, which in addition to new generation capacity, includes \$525 million for clean air and transmission system projects. TVA's outstanding debt and debt-like obligations are estimated to increase \$533 million during the 2011 fiscal year. However, the annual net interest expense that once consumed 34 percent of TVA's revenue has been reduced to only 11 percent in FY 2009 and is expected to remain at that level through FY 2011.

Budget Impacts In Review

Like other regions, the TVA service territory continues to experience the impacts of the economic recession. The effects of the economic downturn reduced power sales about seven percent overall in FY 2009. Sales to large industries directly served by TVA were down about 17 percent compared to 2008, while sales to local utilities were down nearly

five percent for the same period. Revenue for FY 2010 is projected to be about \$255 million less than in 2009.

Less volatility in fuel oil and natural gas prices continued throughout 2009, which allowed TVA to reduce its Fuel Cost Adjustment charges, effectively offsetting all of a 17 percent Fuel Cost Adjustment increase that was implemented at the start of the 2009 fiscal year. The Fuel Cost Adjustment used by TVA is similar to the mechanism used by other utilities nationwide to account for the market volatility in fuel prices. The frequency for adjusting the fuel adjustment charge was changed from quarterly to monthly by the TVA Board in August 2009 with the support of our distributor customers. The change took effect in October 2009 at the start of the 2010 fiscal year. The change will provide for more accurate forecasting of projected fuel and purchased power costs and help avoid dramatic swings for consumers in the amount of the required adjustments.

The region experienced a return to more normal rainfall during 2009, which provided relief from drought conditions that had significantly reduced the hydroelectric production during the previous three years. Conventional hydro generation in FY 2009 increased about 64 percent compared to FY 2008. The increased rainfall in the eastern portion of Tennessee Valley where the upper river system tributaries are located also helped in maintaining stream flows set by our Reservoir Operating Guides to protect the environmental quality of the river system.

Hydro generation is our most economic source of electricity and is primarily used to meet daily peak demand. About eight percent of TVA's net generation in 2009 was hydroelectric power.

The reliability of TVA power delivery remains among the best in the industry. FY 2009 marked the 10th consecutive year that the transmission system achieved a reliability rating of 99.999 percent in delivering power to customers.

Clean Energy Initiatives

As of the end of FY 2009, TVA had spent \$5.3 billion on clean air controls at its 11 coal-fired plants since 1977. This has reduced sulfur dioxide and nitrogen oxide emissions more than 80 percent from previous levels. For FY 2010, the capital budget for clean air projects is about \$145 million. Additional emission controls to reduce sulfur dioxide, nitrogen oxide, and mercury may cost about \$4.2 billion in the decade beginning in 2011.

TVA is completing a second reactor at Watts Bar Nuclear Plant to help meet future power demand with cleaner energy sources. The addition of 1,150 megawatts from the second Watts Bar reactor scheduled for completion in late 2012 will move TVA closer to having 50 percent of its power supply from clean and renewable energy sources by 2020. About 39 percent of the electricity generated by the TVA power system came from clean or low carbon sources in FY 2009. These sources include hydro power, nuclear power and renewable power from methane, wind and solar energy.

This past year, TVA began securing contracts for additions to its renewable energy portfolio. Contracts have been signed for power from wind projects in Kansas, Illinois, North Dakota, South Dakota and Iowa totaling approximately 1,300 megawatts. Power from the first contracts is expected to begin in late 2010.

Energy Efficiency Initiatives

TVA is also working to reduce its carbon footprint through a comprehensive effort to encourage consumers to use energy more efficiently. The Energy Efficiency and Demand Response program launched in 2008 enlists the partnership of the region's local utilities to encourage their residential and business customers to use energy more wisely and help lessen the demand for building new generating units. The program initiatives include home energy audits, industrial energy assessments to identify opportunities for savings, and rate incentives to reduce large industrial use during daily periods of peak demand when actual power supply costs are at their highest.

A three-year test program is under way to compare and evaluate various energy efficiency building techniques and technologies available to consumers. The Campbell Creek Energy Efficiency Homes project consists of three 2,400-square-foot homes in a subdivision near Knoxville. One is built to current building codes; the second is retrofitted with energy efficiency technologies that an existing homeowner could add; and the third incorporates advanced construction technologies, energy-saving features, and appliances to make it as efficient as possible. The results will be used to educate builders, developers and the public.

Internally, the 12-story TVA headquarters in Knoxville was recently rated by the EPA among the nation's most energy efficient building and recognized with Energy Star certification. TVA's corporate office building is one of the most energy efficient in the federal government, with an energy intensity of about half of the average of all federal buildings. TVA has cut energy use at the office by 1.5 million kilowatt-hours a year, or about 11 percent since 2002, which is a savings of about \$129,000 a year in today's power prices. The savings reduces the environmental footprint for our headquarters by 1,384 metric tons of carbon dioxide annually. This is roughly equal to the yearly greenhouse gas emissions of 265 cars or 180 homes.

Meeting Financial and Operational Challenges

TVA is dealing with financial and operational challenges that are expected to impact financial performance in the year ahead. The performance of debt, equity, and other markets in 2008 and 2009 negatively impacted the asset values of investments held in TVA's pension system and nuclear decommissioning trust ("NDT"). The NDT portfolio had decreased in value by \$241 million in 2008, and an additional \$7 million in 2009. As of September 30, 2009, the NDT was 95 percent funded. TVA plans to make a contribution of \$21 million to the NDT in 2010. If market conditions improve, this and future contributions could be less.

At its August 20, 2009, meeting, the TVA Board approved a contribution to the TVA Retirement System of \$1 billion on September 24, 2009, that constituted an advance on its contributions for FY 2010 through FY 2013 to help stabilize the TVA Retirement System for the short-term and strengthen it for the future. The TVA Retirement System Board also implemented a temporary change in the cost of living adjustment which decreased the TVA Retirement System's liability approximately \$300 million. The \$1 billion contribution, along with the liability reductions, has improved the system's funded status.